

# Nation's Business

USEFUL LOOK AHEAD

OCTOBER 1965



EISENHOWER ON  
THE CHOICE  
AMERICANS  
MUST MAKE

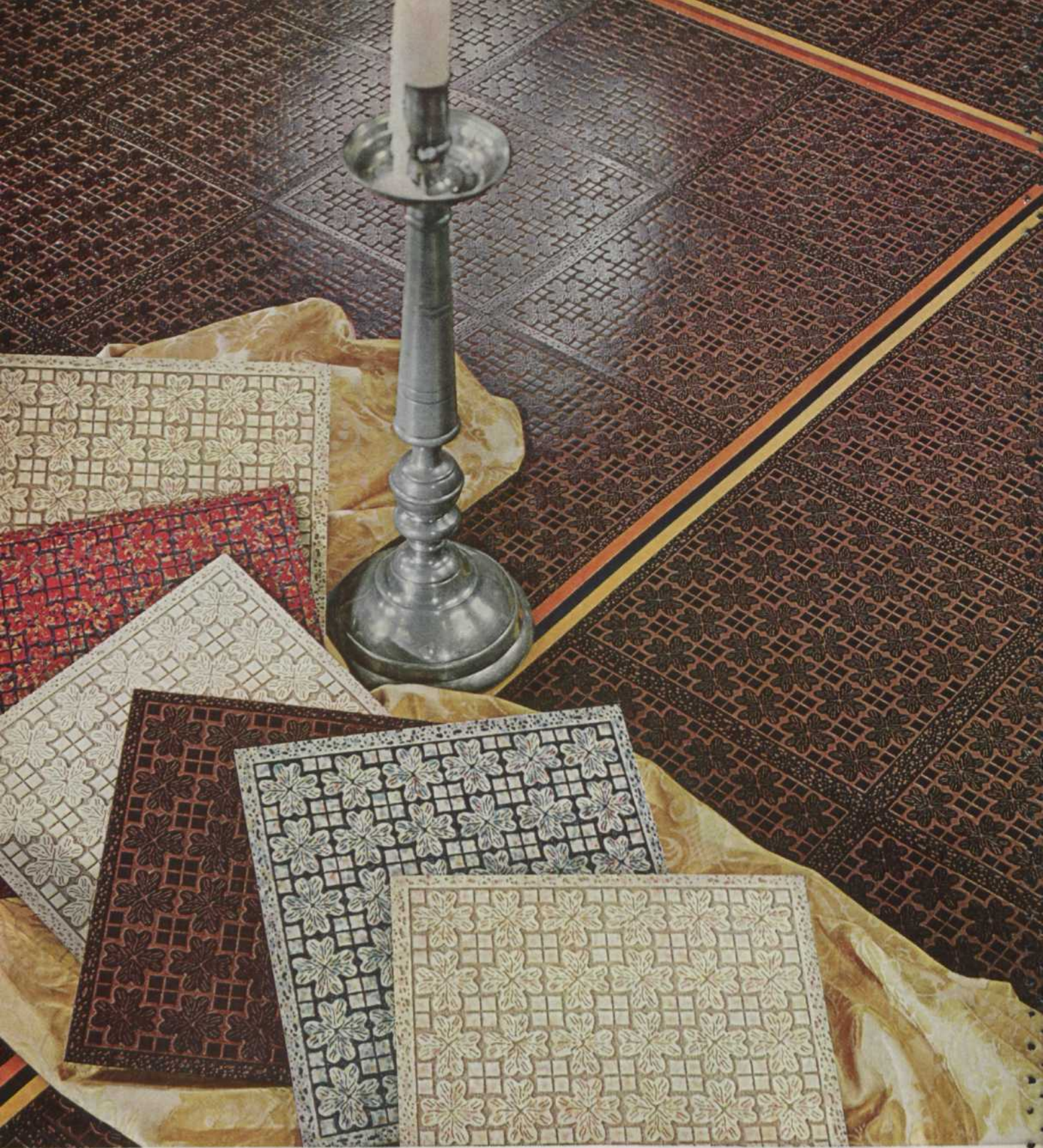
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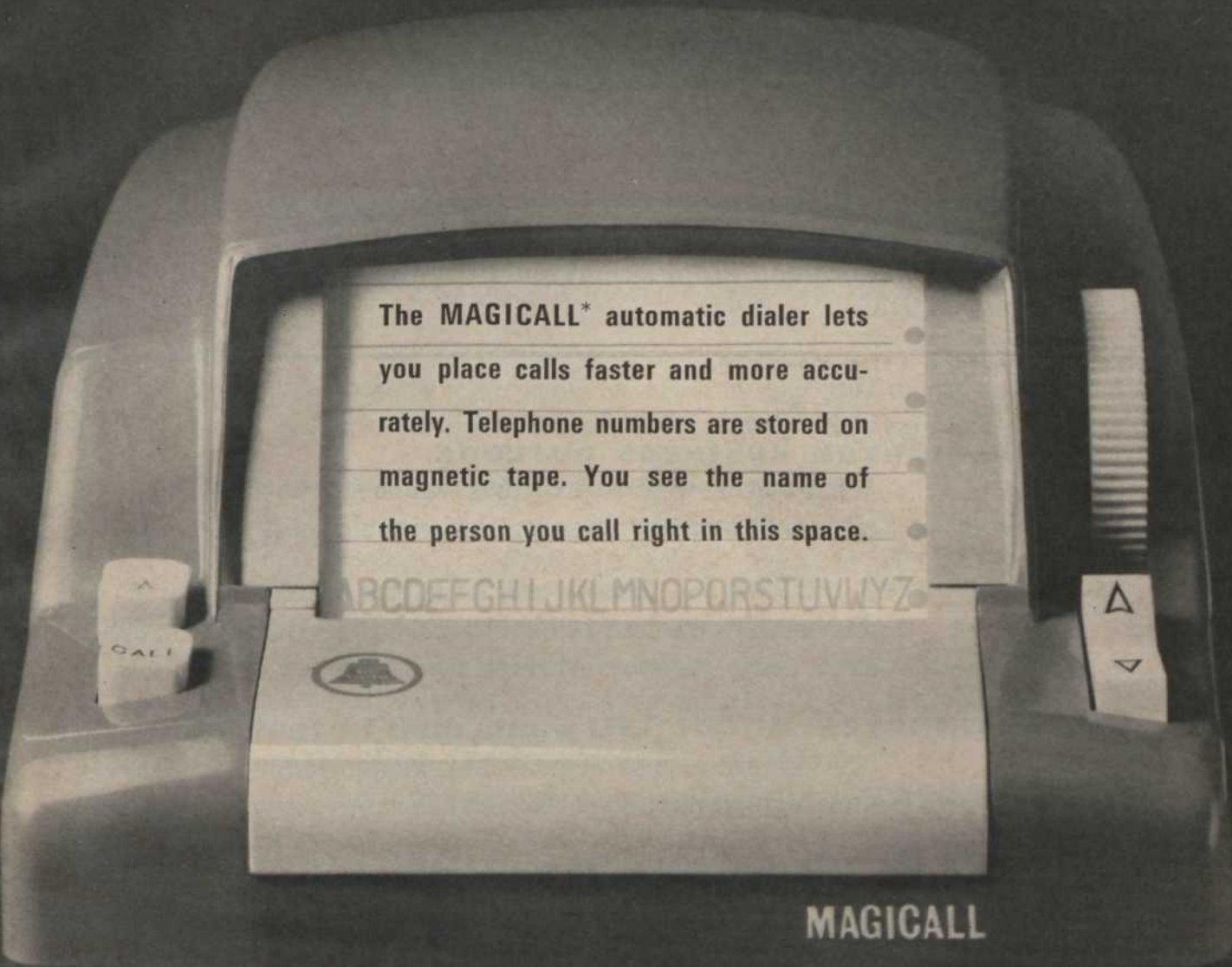


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# Nation's Business

October 1965 Vol. 53 No. 10

Published by the Chamber of Commerce of the United States  
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4,500,000 companies and professional and business men  
Washington, D.C.

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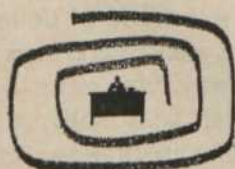
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# Put a Detroit Diesel in a Dodge and what do you get?

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"We also liked many of the features of the

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# WASHINGTON BUSINESS OUTLOOK

**Government payroll** costs keep rising in face of efforts to hold employment down.

Total for civilians here and abroad rose more than \$1 billion in past 12 months, will rise great deal more in coming 12 months.

**Payroll costs** contribute to gold leak.

More than 130,000 foreign nationals now work for Uncle Sam overseas.

They're scattered from Crete to England, from Korea to Morocco, France to Trinidad.

American civilians working abroad for our government number more than 155,000.

Washington tries to reduce both kinds of foreign employment.

Reason: Our government's payroll to personnel overseas is substantial item causing deficit in what we spend abroad vs. what foreign countries spend in this country. Fact is, employees of our government in overseas jobs are paid close to \$1 billion a year.

Reducing this figure would help cut U. S. gold losses to other countries. And balance of payments deficit continues to worry Washington despite recent improvement.

**Your tax dollars subsidize** housing projects in foreign lands as well as in America.



Foreign aid law just okayed by Congress authorizes President to issue guarantees against losses on loans to finance home building projects in Latin America.

Pilot housing projects may be patterned after our FHA-type operations. Loans for other Latin American projects for low-income families may also be backed up by full faith and credit of our government.

Loan-guarantee program is extended to allow up to \$400 million total face amount that can be outstanding at any one time. Some money goes for purposes other than housing.

Aim, according to legislation: To stimulate home ownership, aid economic stability in Latin America.

**Big changes in foreign aid** programs may come next year.

Though Congress cut Administration's request for aid funds, you can expect government to spend more anyway.

Here's where spending is headed already:

\$3.5 billion spent in '64.

\$3.6 billion spent in '65.

\$4.2 billion to be spent in '66.

Rise in spending—after Congress cuts funds—alarms some congressmen.

Concern's based on other reasons too.

Sen. Wayne Morse explains: Congress has approved "another retread of the same foreign aid program that has produced little or nothing for American foreign policy in the past five years except stonings, burnings and assaults on American property in many parts of the world.

"It is not in the interest of my country to continue foreign aid on the basis of its present format."

House Foreign Affairs Committee Chairman Thomas E. Morgan says foreign aid will get "a fair go-round next year by the Committee on Foreign Affairs."

Senate Foreign Relations Committee Chair-



man J. W. Fulbright is another who thinks foreign aid needs to be changed. "It is possible," he explains. "We may have laid the groundwork for more thorough reforms next year." He hopes to "get away from the dreary cycle of one-year aid programs."

**More troops to Viet Nam**, peace dove or not. U. S. commitment there—both men and money—to be stepped up again. More reserves to go on active duty. Build-up to a probable three million men in uniform, from some 2.6 million in uniform now.

These are sure trends, ceasefire or not.

And they mean many things to you as a businessman.

For one thing, it means some of your key people, prime-age managers, may be called to serve.

Most companies are updating information on who's serving now in reserve units, who's on active reserve status, who may need to be replaced if he's called to duty or volunteers. Smaller and middle-sized companies may be hit hardest as key people are called.

It's most likely reserve units will be first. Individuals not assigned to units—unless they volunteer—may not be called, at least not until later.

Draft call-up, already doubled, will be increased again. But most firms won't feel this much since draftees are younger men. Youngsters in school may be deferred until graduation but they must keep grades high in classroom work. School drop-outs will be called first. They're not your most likely candidates for jobs anyway.

**War in Asia**—even limited war—also means more government spending.

But how much more?

Guessing game continues. Rumors fly between Pentagon and Capitol corridors.

Circulating from one government office to another, talking with congressmen, asking questions of budget experts, you hear wide range of estimates about the future.

Still, truth appears to be that government spending for defense is more likely to go up at least \$5 billion in coming year. That's for defense alone; nondefense programs also will cost more.

**Ceasefire in Asia**—if it comes—wouldn't change defense spending trends much.

Remember Korea. We're still paying for that. Our troops are there to maintain uneasy peace years after war ended.

It'd be same in Viet Nam, experts sigh. Our forces have already been in Viet Nam more than a decade and there's little likelihood of any significant withdrawal in foreseeable future, whether shooting stops or not.

**Stiff penalties** are in wind for states that disobey federal rules for interstate highway funds.

Story's this:

Some members of Congress want federal funds cut off to state which fails to develop a federally approved highway safety program by end of '67.

But that penalty's too stringent for some congressmen. Rep. John Baldwin, for example, believes cutting off federal funds "might be too drastic." Rep. John Kluczynski suggests that congressional committee review state programs and, if need is shown, pass stiffer rules.

Meanwhile, new law says merely that each state, to keep receiving road funds from Uncle Sam, "should" come up with a federally approved plan.

New law also authorizes \$3 billion for new highways next year and requires that new estimates for future highway needs be made every two years. Studies are under way to forecast



# WASHINGTON BUSINESS OUTLOOK

highway requirements beyond 1972 completion date for 41,000-mile system.

It appears all but certain road-use tax will be raised as system's cost is jacked up. But congressional action on higher taxes probably will be put off until next year.

**A \$9 billion wage-cost** boost snowballs with congressional momentum.

This involves extension of federal minimum wage law to 7.2 million workers heretofore exempted from coverage.

Measure goes far beyond Administration's request that law be broadened to cover 4.2 million additional employees.

Also would hike \$1.25 hourly minimum you must pay your employees to \$1.75 an hour. This, too, goes beyond President's recommendations. In labor message to Congress, President mentioned pay hike but no specifics.

Together these features would add up to a \$9 billion minimum increase in business costs.

Other cost increases would include additional billions from forced pay raises for your workers who already get more than federal minimum. Your production costs generally would go up as well. In addition, job opportunities would shrink for lower earning marginal workers.

**Are businessmen too patient** with government policies these days?

New soundings from businessmen in all kinds of businesses all across the country indicate new sentiment may be shaping up.

Many are wondering about ultimate cost of many government programs.

Defense costs rise primarily because of Viet Nam's continuing problem.

But nondefense costs also rise sharply. Taxpayers' money for welfare schemes of many types may rise even more sharply in years to come.

Take federal spending for urban renewal and community facilities. For this budget category, spending has been going up about \$100 million a year, 1966 being fourth consecutive year for such an increase. Next year's outlay will be more than 400 per cent higher than '59.

Federal public assistance is another example. Roughly \$3.5 billion will be spent during year ahead—an increase of some \$500 million from year just past. New total will be almost double the outlay of '59.

Federal regulation of business is another category of spending that will be almost double the '59 figure.

Why compare with '59? Take any year you like; most kinds of nondefense spending are rising sharply.

**Talking about guns and butter:** National Security Council has 39 people employed in Executive Office of President. Office of Economic Opportunity (poverty office) has 1,338.

**Will government agencies change** names soon?

Answer's probably yes. Watch for Public Housing Administration to get new name.

In new Department of Housing and Urban Development many changes are being pondered. What's to happen will be coming out in months ahead. Some officials think public housing, as part of that department, is one agency that could improve its public image by changing titles.

Meanwhile, public housing gears up for faster pace ahead.

Example: Agency chief tells Nation's Business there are 2.2 million people living in socialized housing now. By end of '68 there'll be approximately 2.8 million residing in government housing.

Emphasis is switching to housing for older people.



## Business opinion:

# Why subsidies need investigation

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*To the Editor:*

"Can Subsidies Solve America's Problems?" [August] raises a very broad and fundamental question and the four articles dealt only with welfare, urban renewal and public housing.

Now that you have asked the question I hope you will continue on down the rather long list of subsidies which have become a part of America's way of life. Many services and activities by our government need to be looked at critically. The list is long and everyone has an interest in one or more of the subsidized activities of our government even though some of these services are not thought of as being subsidized.

Many of these subsidies have come into being by political trading and an effort to avoid facing realities and are for these same reasons self-perpetuating. The need for frank, objective analysis is great with the subsidies involved in the maritime, aeronautical, housing and agriculture industries. The public ownership of electric power, through tax exemptions and low-interest capital, is another highly subsidized industry which needs the economic searchlight.

You have made a commendable start on a very important subject but it is only a beginning.

E. C. KIMBALL  
E. C. Kimball & Son  
Ventura, Calif.

*To the Editor:*

May I thank you for the opportunity to make known my views, "Can Subsidies Solve America's Problems? A U. S. Senator's Answer" [August], on this very important subject.

ROBERT C. BYRD  
United States Senator  
from West Virginia

*To the Editor:*

Your articles on subsidies ["Can Subsidies Solve America's Problems?" August] will prove most helpful to us in the future.

S. JOHN BYINGTON  
Office of the Governor  
Lansing, Mich.

*To the Editor:*

Your four articles do not begin to analyze the question asked, nor to provide an answer in any organized or objective way.

WILLIAM S. GUTHRIE  
President  
Buckeye Federal Savings  
and Loan Association  
Columbus, O.

*To the Editor:*

The article in the August issue regarding our employment rehabilitation activities ["Can Subsidies Solve America's Problems? A City's Answer"] was exceptionally well done; not only in the objectivity indicated, but in the style and context in which the article was used in regard to the allied articles.

Thank you again for the fine reporting job in the article.

WM. D. KENNEDY  
Alameda County Welfare Department  
Oakland, Calif.

**Buchwald highlight**

*To the Editor:*

The article by Art Buchwald ["Art Buchwald on—," August] was one of the most delightful contributions to a business magazine I have read in a long time.

It has been read by dozens of our executives. The unanimous response is that it is one of the highlights of the summer publishing season.

We look forward to more articles of this nature in your excellent magazine. Three cheers for Mr. Buchwald.

PAUL H. SPIERS, JR.  
General information manager  
New England Telephone and  
Telegraph Co., Boston

*To the Editor:*

Congratulations for the Art Buchwald article in your August issue. Besides being a real chuckle it's a welcome change of pace for your book.

WALTER M. KIPLINGER, JR.  
Manager, industry relations  
Home Manufacturers Association  
Washington

**Businessmen in action**

*To the Editor:*

We thought you would be in-



MEMO

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take five minutes  
to read this —  
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what our company  
and employees have  
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## Business opinion:

terested in our successful fight against federal urban renewal in Salt Lake City.

I used several copies of NATION'S BUSINESS in which you carried articles which furnished us documented evidence to combat the reckless propaganda which was fed the people through our two daily newspapers and some of the radio and TV stations.

We carried our story direct to the people in about 50 public meetings and in the distribution of printed material.

We intend to push for the adoption of the National Chamber of Commerce's balanced community development program known as "Breakthrough in Community Development Problem-Solving."

Our committee will continue to function and expand to a block-by-block organization throughout the county and then on through the state.

SHELDON R. BREWSTER  
Chairman  
Citizens Committee for the  
Protection of Property Rights  
Salt Lake City

## Fight federal controls

*To the Editor:*

Our city of St. Petersburg will soon go to referendum on the question of adopting federal urban renewal. Those of us who believe it is unnecessary here, and who believe that private enterprise is moving the project without federal controls, are organizing under the name of the Civic Improvement Council, and will open offices in the downtown area.

MAX SNIDER  
Snider & Jones  
St. Petersburg, Fla.

## Let the people know

*To the editor:*

Your editorial comments are most worthy. It is simply unjust to limit the exposure to your 750,000 subscribers and their friends.

Suggest that you consider way to increase this exposure.

PAUL R. OLSEN  
Executive director  
Texas Political Action Committee  
Austin, Tex.

## More to come

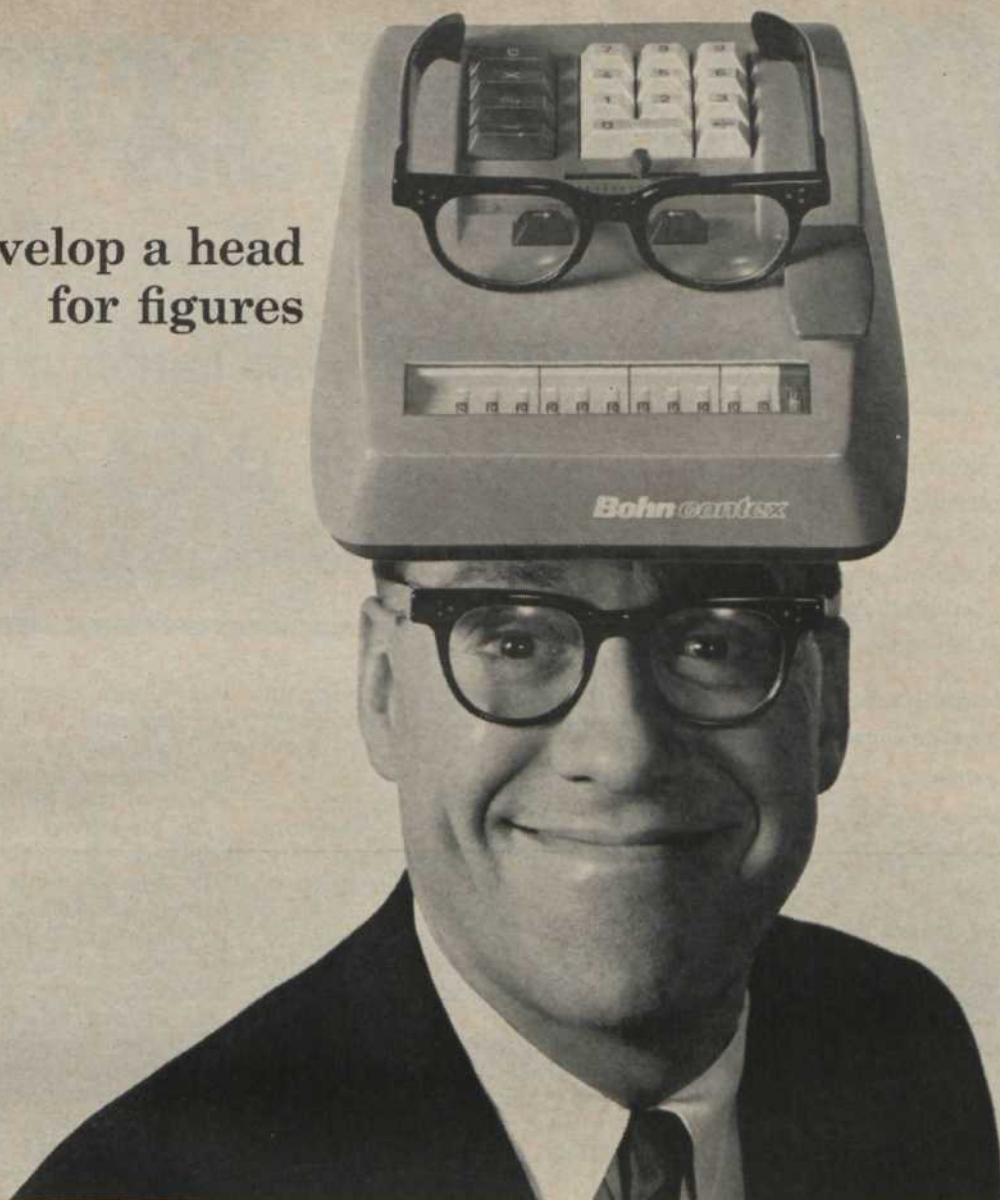
*To the editor:*

"Lessons of Leadership" is a tremendous series. I am looking forward to more articles with this subject matter.

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## Executive Trends

- Business battles crime
- 『景色はどうですか』
- How to one-up a meeting

American companies are throwing up safeguards to protect their workers from the mounting urban crime wave.

Here are just a few examples:

Store owners and plant operators encourage employees to leave work in a group to avoid stick-ups, rapes and purse-snatchings.

Apartment house owners consult with local police officials for guidance to insure the safety of workers and tenants.

More firms turn to high-powered outdoor lighting as a means of discouraging criminal attacks on female workers who must leave their jobs late at night.

One high-ranking police spokesman in the East comments: "There's no doubt about it. Police officers all over the country are spending more and more time counseling businessmen and merchants on what they can do to minimize dangers to their employees."

It's not freely discussed, but establishments located in "tough" neighborhoods are finding it increasingly difficult to hire help. The problem is particularly touchy where female workers are concerned.

Some law enforcement officials are reluctant to discuss preventive steps in detail because they fear that to disclose them would be to give criminals advance warning.

Your company should turn first to its local police department for help. The FBI in Washington has advisories for banks, service stations and a few other businesses.

The oriental characters at the top of

the column are Japanese. Translated they read: "How's the view?"

The question is frequently asked by Japanese firms opening branch offices in the United States.

In New York City, for example, office designer Sanford Kaufman was directed by a Tokyo client to submit 17 photographs taken from different angles showing a prospective office location. Headquarters in Tokyo wanted to make sure that the view from its New York branch would be impressive to customers and visiting dignitaries.

Mr. Kaufman says the incident is but one pointing up the thoroughness and patience of the Japanese. Where a conference between Americans might take an hour, it can take four hours when you are dealing with Japanese executives. And it is more the rule than the exception for a Japanese manager to insist that meetings be recorded in painstaking detail.

Item: Japanese business influx into New York continues; lately the emphasis has been on opening agencies of Japanese banks to assist Nipponese companies with credit and exchange problems.

A serious study of business meetings has turned up humorous by-products.

Conducted by the 3M Company over three years, the study brought to light these tongue-in-cheek suggestions on how to practice one-upmanship at meetings.

1. First of all, find out who called the meeting. If the president or board chairman called it, show up



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No. 1 in Powershift



*First successful Powershift application in a 1948 Euclid twin-engine bottom dump.*

Put the customer first and he'll do the same for you.

That's the whole story behind the Allison Powershift transmission.

Here are some of the "firsts" we've made for our customers over the past 20 years.

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So when you're ordering power equipment, think of Allison.

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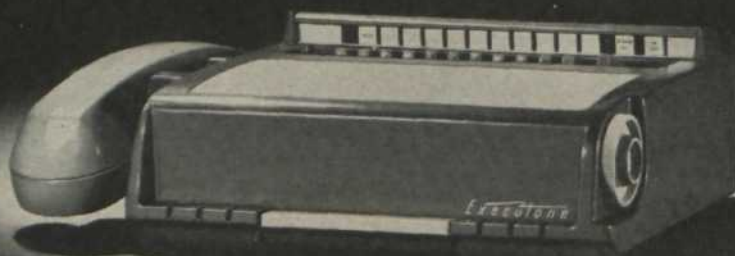
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Address \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

Phone \_\_\_\_\_

## EXECUTIVE TRENDS

*continued*

personally. If it was called by another department head, send your assistant.

2. If you're in sales, plan the closing of a big sale to coincide with the meeting time. Then, rush in 15 minutes late, apologize profusely, and detail the big sale and how it held you up. Then wait for the applause.

3. Jot down your rival's weakest idea—then ask "Why?"

4. If it's a shirt-sleeve interdepartmental meeting, show up in a suit coat.

5. Instruct your secretary to run in and out every 15 minutes with "important messages." Make sure she rehearses so the anxiety shows through.

6. When using a projector, ask your chief rival if he would mind plugging in the unit.

7. If your rival gets wrapped up in a lengthy presentation, make yours short—and explain in passing that business meetings cost \$144 an hour, so you'll talk little and save much.

The one-upmanship blueprint was drawn for *NATION'S BUSINESS* by B. Y. Auger, manager of 3M's Visual Products Department. On the more serious side, Mr. Auger notes that the research conducted under his direction pinpointed the annual cost of business meetings at \$35 million. Another statistic: Almost 60 per cent of the average executive's working time is taken up by meetings of one kind or another.

• • •

A growing number of clergymen of all faiths is enrolling in a four-day cram session on what makes the American economic system tick, reports the nonprofit Clergy Economic Education Foundation.

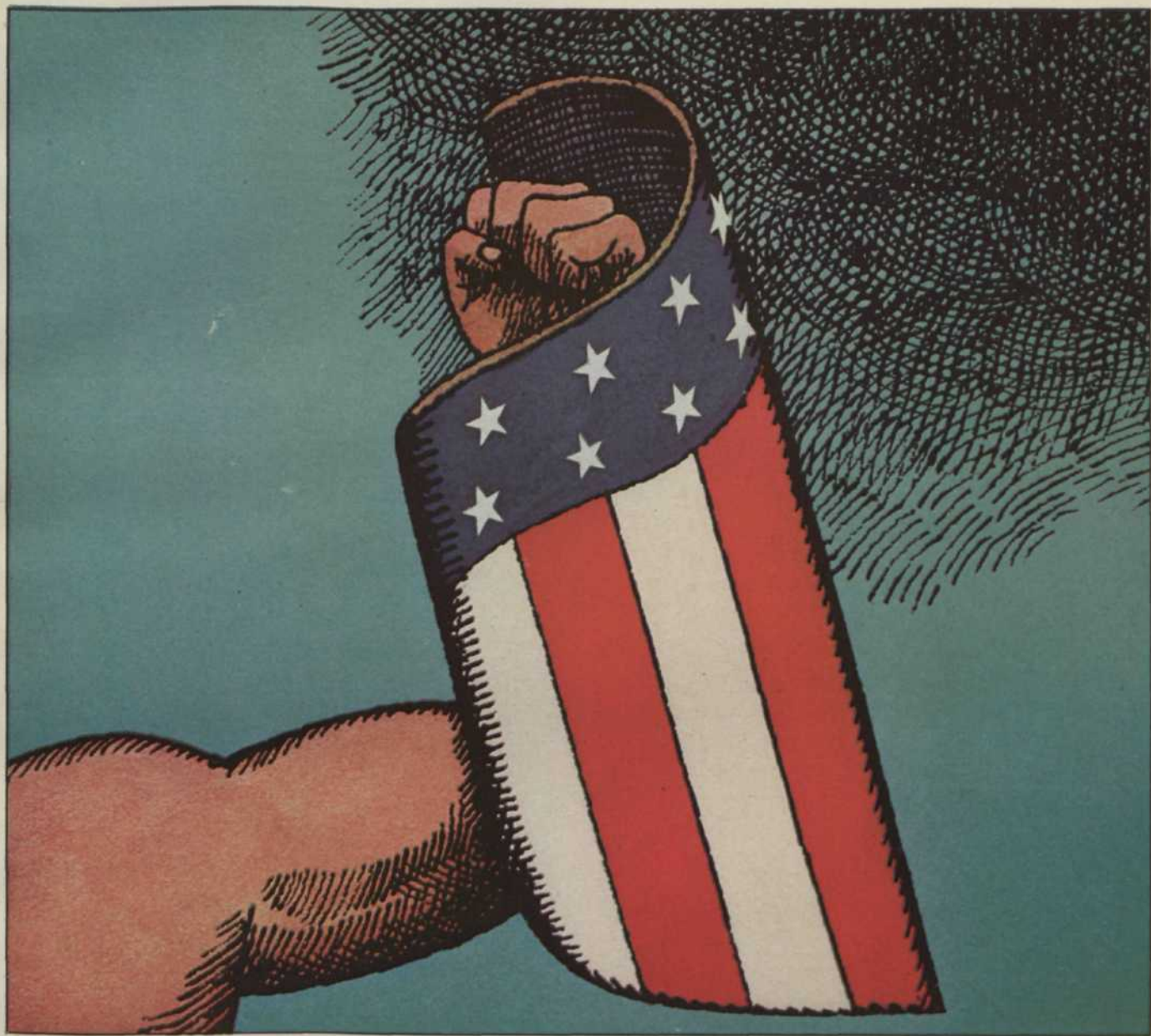
And businessmen are helping to preach the gospel of free enterprise.

The workshops were conceived by Dr. Olin W. Davis, a Purdue University administrator. He hit on the idea when he discovered, after making a survey in Indiana, that religious leaders often run up against tough economic questions when counseling members of their congregations.

Foundation workshops are being held in 20 states this year. Business, labor and farm spokesmen get an opportunity at the sessions to "react" to talks on subjects ranging from "The Economic Values of



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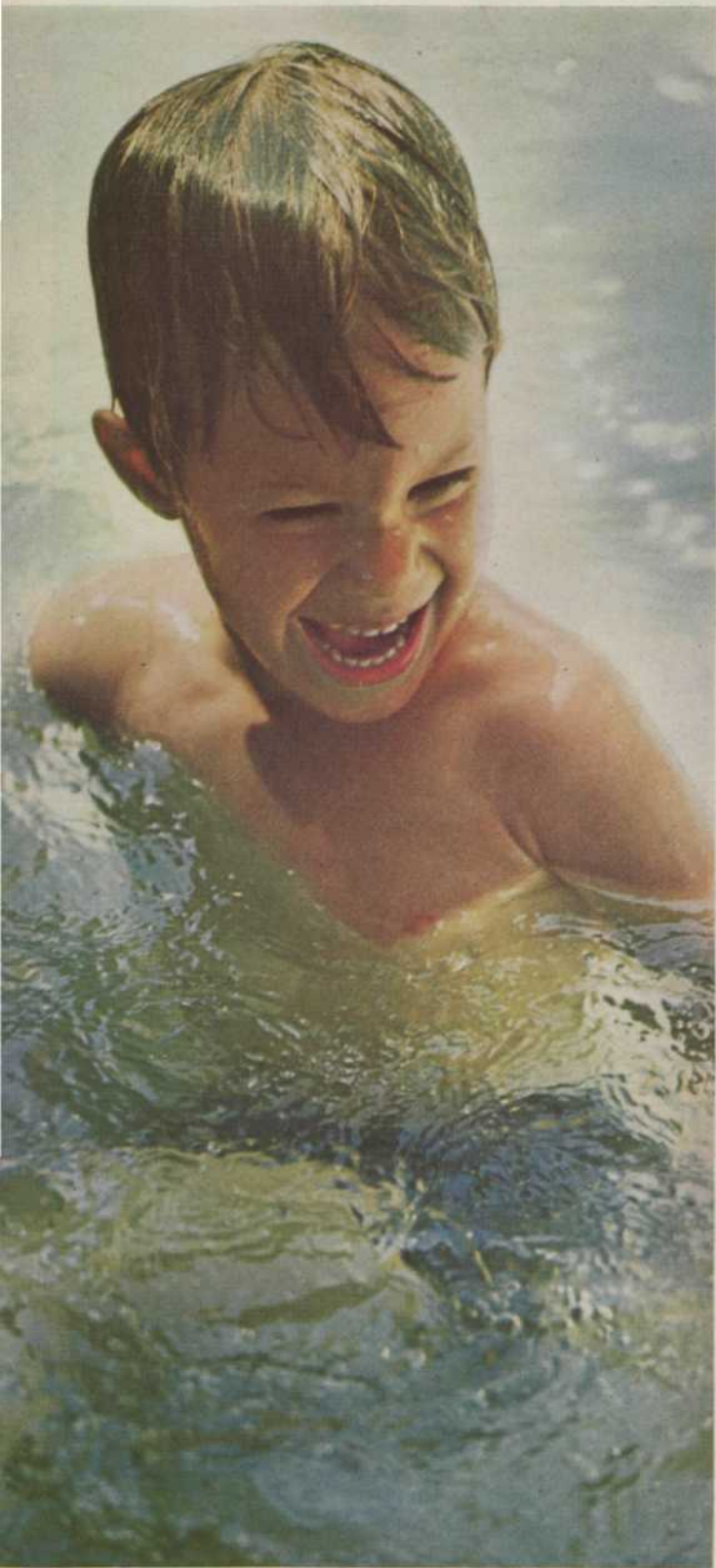
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are safe at night?



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Right now, we are working with authorities in hundreds of communities, with good results in areas like those shown at left. If people care enough to want to do something, G.E. cares enough to want to help.

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## "We tried four Ford City Diesels on the job... ordered 102 more."

... reports Mr. David P. Roush, Director of Operating Services, O-N-C Motor Freight System, Palo Alto, Calif.

"Back in January, 1965, we began comparative tests between Diesel- and gasoline-powered trucks for use in city pickup and delivery work. Four of the eight Diesels that we tested were Ford C-6000 models," states Mr. Roush.

"These tests are still continuing, but we have already calculated that the premium cost of Diesel engines can generally be justified in fuel savings within 26,000 to 35,000 miles. By June 10th we had decided to order 102 more Ford C-6000 Diesels for use in our city pickup and delivery fleet. These new Fords will be used on high-mileage stop and go city runs. So far our tests indicate that with Diesels we will save 3.5¢ per mile over gasoline power for this kind of city work. Once we have all our new Fords, this will mean an overall savings of almost \$70,000 per year."



James E. Scism, a Ford National Account Manager, discusses new Ford Diesels with Carroll J. Roush, President, O-N-C.

PRODUCTS OF



# FORD TRUCKS



## EXECUTIVE TRENDS

continued

the Judaeo-Christian Society" to "Automation and Productivity."

"It is my opinion," says Dr. Davis, "that the workshops are giving clergymen a new perspective on the businessman and his place in American life—a much less critical perspective than some clergymen held before they took part in our program."

Businessmen, educators and union officials help teach the sessions.

• • •

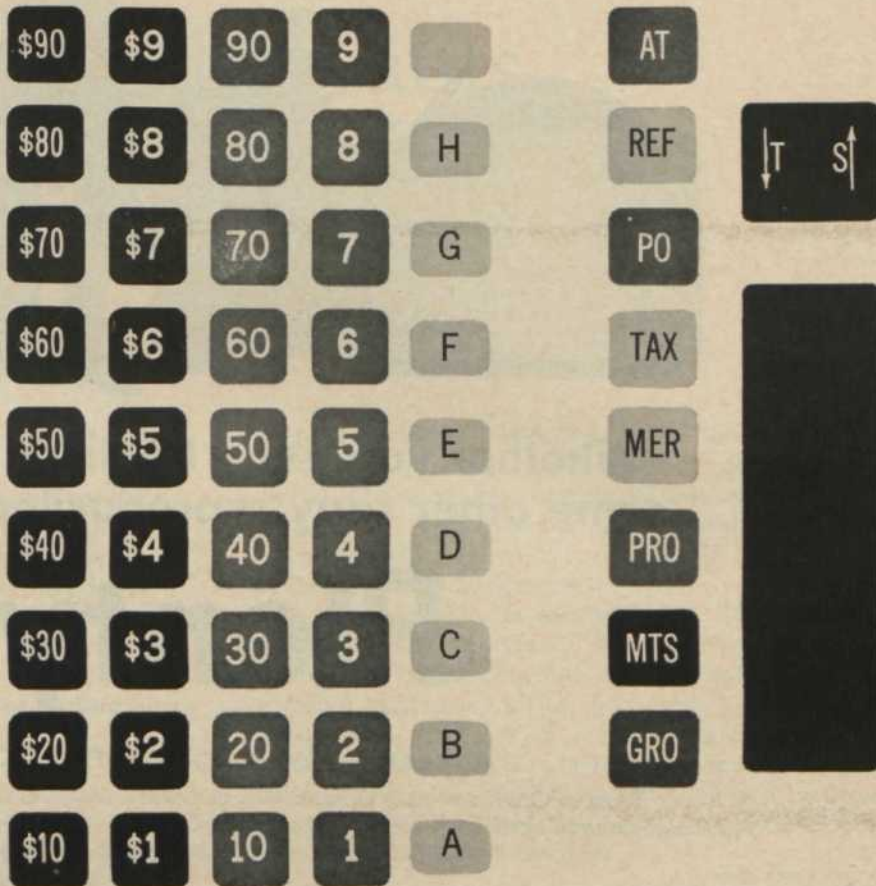
**Demand** for executives is running at an all-time high, according to Gardner W. Heidrick, president of the Association of Executive Recruiting Consultants.

Mr. Heidrick says all 17 member companies in his association are experiencing high and steadily rising activity. What's behind the zooming demand? Recruiters attribute the trend to "the continuing confidence of businessmen in the future of this country."

• • •

**Executive intelligence:** New light on personality testing in industry could come from three-year study being launched by two Yale social scientists on grant from Russell Sage Foundation. . . . Coffee nerves? Study by National Industrial Conference Board indicates a pickup in work tempo follows coffee breaks for employees. . . . At same time National Confectioners Association reports that practice of allowing workers mid-afternoon "candy breaks" is on the rise; firms provide the candy free. . . . Another NICB study of 1,600 companies shows U. S. workers are getting longer vacations. . . . Sales competition, keener than ever, spurs companies to wider use of premiums and incentives, now a \$3 billion-a-year industry in its own right. . . . Research finds ulcer victims secrete unusually large amounts of stomach acid even while sleeping; now researchers want to determine if this has any bearing on what the victims dream. . . . Looking for comprehensive data on scientists, engineers and technicians? National Science Foundation's latest "Scientific and Technical Manpower Resources" report is thick with detail. . . . Survey by Administrative Management Society discloses that average American office worker makes \$84 a week; highest pay for clerical employees is in West.

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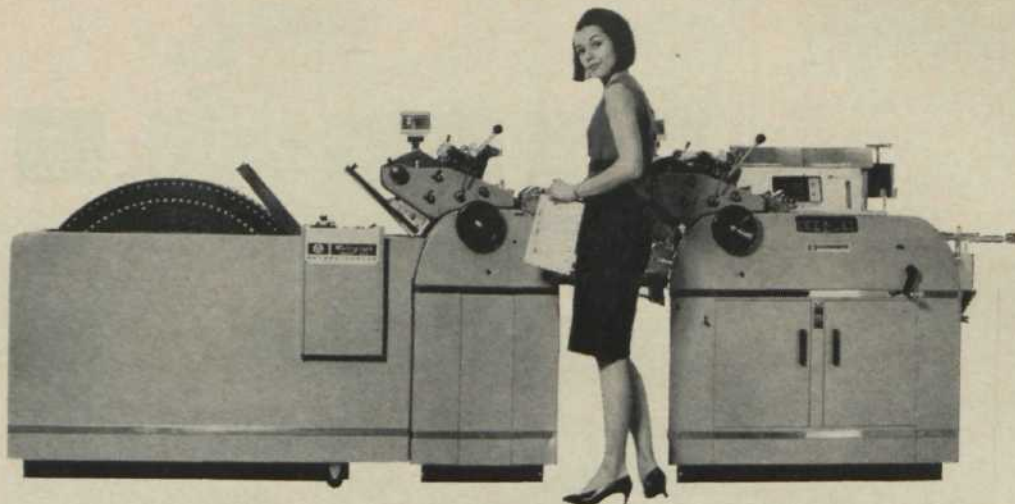
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## Why LBJ wants men 10 feet tall

BY PETER LISAGOR

FEW MEN are as quick with kudos as President Johnson. When he fills a high post in his Administration, he is apt to be as profligate with praise for his choice as an adjective-haunted press agent, and it isn't always clear whether a man is being appointed or canonized. By habit, temperament and long experience with the extravagant rhetoric of Texas politics, LBJ slips easily into hyperbole. He often seems so genuinely pleased when men of attainment agree to take on tasks that may prove onerous or unrewarding that only superlatives are adequate to the occasion.

Accordingly, Arthur J. Goldberg was dispatched to the diplomatic wars as U. S. Ambassador to the United Nations with an unnecessarily heavy burden—the burden of overblown expectations. The former Secretary of Labor and Supreme Court Justice was pictured by Mr. Johnson, at the time of his appointment, as something of a combination Solomon, Galahad and Daniel Boone, a wise, daring and relentless man who would hack out of the jungles of international discord a road to peace and universal brotherhood. Ambassador Goldberg was invested with enough miraculous skills to enable him to untie the thorniest knots, settle the insoluble, reconcile old and stubborn differences and convert the glass house on New York's East River from an empty debating forum into a citadel of conciliation.

The President didn't, of course, say all these things. He only seemed to be saying them as he exalted the obvious talents of Mr. Goldberg, who as a labor lawyer had indeed cut his way through many labor-management thickets with patience and finesse. In those days, Mr. Goldberg was quoted as believing that there "are no dead ends." His experience in the U. N. may change his mind. One of the first chores thrust upon him was to back the U. S. out of the dead end of the fiscal impasse of the U. N., created when the Russians and their cronies, the French, and a few others refused to pay their share of the peace-

keeping costs in the Middle East and the Congo. Mr. Goldberg performed the distasteful task manfully, with a professional forthrightness that left nobody in doubt that Washington had a clear, realistic, firm, if not always eloquent voice to carry on as the successor to the late Adlai E. Stevenson.

It is conceivable, in fact probable, that the skills required to compromise a dispute over wages and hours and fringe benefits may be useful in international diplomacy. But not even Mr. Goldberg would claim that one is a training ground for the other. To liken them is to be frivolous and misleading.

Fortunately, despite his lavish language acclaiming Mr. Goldberg, the President is all too aware of



WIDE WORLD PHOTOS

*Eugene Black and Arthur Goldberg exemplify LBJ's approach to assignments in Great Society vineyard.*

the limitations of the U. N. Since the Korean War, Washington policy-makers have by-passed the world body on almost every major action from Lebanon and Cuba to Viet Nam and the Dominican Republic. This was done not always out of choice, but to avoid a Soviet veto. As a mirror of global reality, the U. N. reflects the imperfections of the world. No major power is yet prepared to submit its vital national interests to the judgment or the dictates of the U. N. It's as simple as that. Nevertheless, Mr.

*Mr. Lisagor is the White House correspondent for the Chicago Daily News.*



Goldberg gave up the eminence of the Supreme Court, a lifetime tenure of quiet meditation, for the post clearly because the President wanted to erase the impression that he held the U. N. and its works lightly and because the former Associate Justice of the Court himself thought there was important business to be done in New York. Mr. Goldberg is not a man to fool himself, though. He knows that he is not an autonomous operator with a mandate to wheel and deal freely. Ambassador Stevenson often chafed under the restraints of the post, feeling that he was little more than a branch manager of U. S. world-wide policy operations. This was not far off the mark, either.

The chief American delegate at the U. N. is an agent, not a creator, of policies made in Washington. He can take part in the policy deliberations, but even this isn't easy. Mr. Stevenson once recalled to this writer that President Johnson had urged him to come to Washington often and not to stand on formalities but to barge in the back door of the White House, where he would always be welcome. It was contrary to the nonassertive nature of Mr. Stevenson, and he inquired, half-rueful and half-joking, "How does one barge into the back door of the White House?"

Even so strong-minded and energetic a man as Henry Cabot Lodge, who manned the U. N. outpost in the Eisenhower Administration, made no major moves without a signal from the State Department, where an equally strong-minded man presided, John Foster Dulles. It is strongly suspected that Mr. Goldberg made it a condition of employment that he have a meaningful role to play in policy formulations in the State Department, the Cabinet and the National Security Council, quite apart from the time he would spend consulting directly with the President.

Mr. Goldberg's influence is expected to be substantial. Not only is he a persuasive advocate enjoying the President's confidence. Mr. Johnson's own prestige rides heavily upon his U. N. spokesman. A great many U. N. members had come to wonder how strong was America's fealty to the idea of world cooperation under LBJ. By his elaborate and expansive send-off of Mr. Goldberg, the President has made an affirmative answer, even though he has burdened his new man with some pretty inflated expectations.

Another example of the President's approach to distinguished men who may be available to work in the Great Society's vineyards, at home or abroad or both, is Eugene R. Black, the former president of the World Bank. When he retired from the world of international finance, Mr. Black looked forward to a comparatively serene life in which the cussedness of a golf course, not a prime minister, would be a major preoccupation. He served as a director on a number of corporation boards, and thought those would keep him from growing rusty and indolent. He had no conception of what was in store for him.

Now, at 67, the soft-spoken native of Georgia is about as busy as a one-armed shortstop, to allude to a sport in which Mr. Black has had an intense, life-long interest. He has the loose title of special adviser to the President, but it scarcely hints at the range of his activities. Every time he visits the White House, it seems, he comes away with some new assignment from the President.

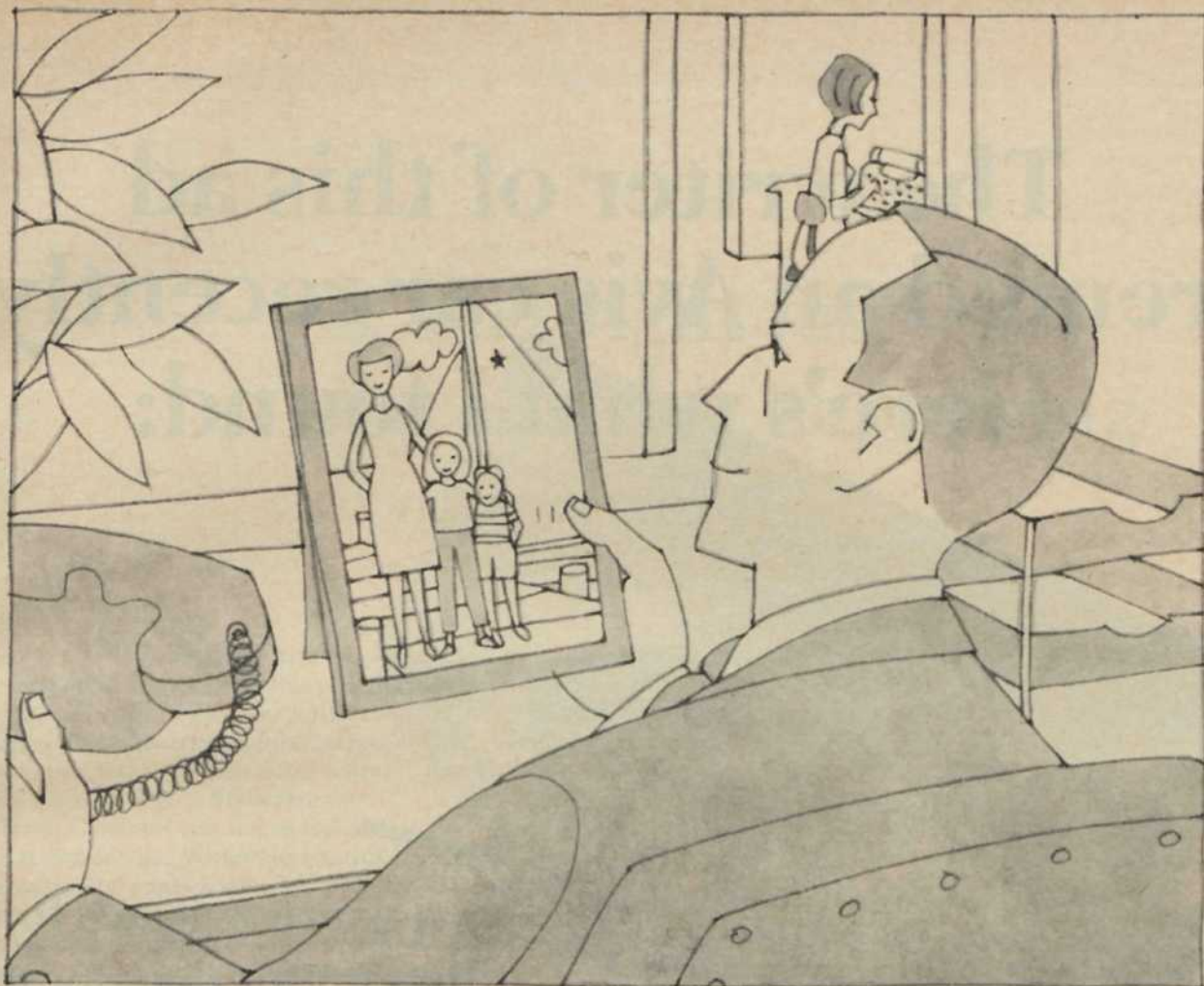
At last count, Mr. Black had a hand in matters affecting the fiscal 1967 budget, the balance-of-payments problem, foreign aid, a supersonic transport plane, without mentioning the area of his main concern, Southeast Asia.

When President Johnson proposed a \$1 billion fund to help the economic development of that region in a speech at Johns Hopkins University last April, now known as "the Baltimore speech," he announced that Mr. Black would take charge of the program. It included the creation of an Asian Development Bank, capitalized at a billion dollars, for financing sound economic projects advanced by the Asians themselves. It further contemplated harnessing the mighty Mekong River with dams, power plants, and the like, in the countries through which it flows, Laos, Thailand, Cambodia and South Viet Nam. The benefits are calculated to spill over into other countries, even including North Viet Nam, and one reason the President made his offer was to lure the communist chieftains of Hanoi to the conference table, if possible, with a "carrot," even as he was applying the "stick" via military means. Many critics had clamored for this two-pronged approach, and the President had sought to satisfy them.

Mr. Black, who also thought his traveling days were largely over when he left the World Bank in 1963, has been a man on the move in retirement. He continues to live in New York, but the President's demands upon him have effectively limited his home life, his golf, and his attendance at baseball games. While the Asian development program occupies a top priority with him, he is thoroughly intrigued by the supersonic transport program on which he has worked under both Presidents Kennedy and Johnson. It is a pioneer venture in which the problems may be insurmountable, and he and his colleagues are not yet sure the whole scheme is economically feasible. But it fascinates him.

For his part, with Mr. Black available, the President maintains a prestigious link with the business community. He likes all the insurance he can get just in case his supports among businessmen show any slippage from his consensus. He has had Mr. Black sit in on his budget deliberations as an earnest of his desire to stay within the outer limits of business acceptance of his spending proposals. And if the retired New York banker should show signs of restlessness or boredom, it's not impossible that the President might find work for him to do at Arthur Goldberg's elbow in the U. N., exploring ways to expand the domestic consensus into a global one. For LBJ's own goals, unlike those of a conventional man, are no more confined than the words he uses to describe them.





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So if I'm going to continue writing these ads, Avis had better live up to them. Or they can get themselves a new boy.

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## It isn't right just because it's happening

BY FELIX MORLEY

IN THE 1965 session of Congress President Johnson was granted almost everything he requested. Sometimes, as in the Viet Nam hostilities, the legislators even ceded authority plainly earmarked for them by the Constitution, which says flatly: "The Congress shall have power . . . to declare war."

Since Congress was not designed to be a mere rubber stamp for the White House, this legislative docility naturally arouses concern. But the consideration tends to concentrate on superficial, personal factors. Thus admirers attribute the long roll of newly enacted laws to "Lyndon's magic touch." Those who dislike the President emphasize the weakness of Republican opposition, or say that all the spade work on Johnson's program was done by his predecessors.

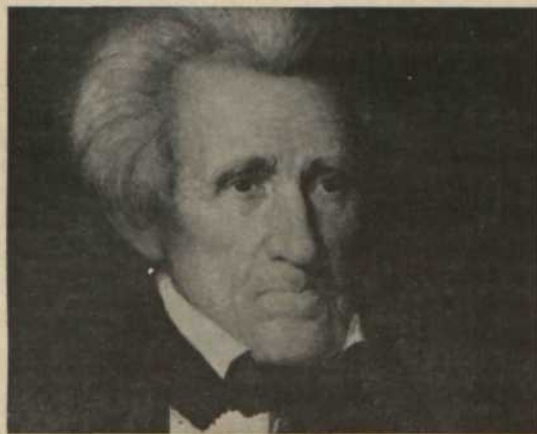
Both lines of comment miss the significance of the great change that for a generation now has been taking place in the presidential office. Moreover, what has been happening here is closely paralleled in other democracies. The role of the legislature everywhere is becoming less significant; that of the executive vastly more important.

To gain perspective we may note the expansion of executive power, as contrasted with the legislative, in an allied country with which our relations have sadly deteriorated of late. That President de Gaulle personally decides what French policy shall be is scarcely news. But many Americans seem to think this is primarily due to the character of the general, often foolishly depicted as an opinionated romantic out of touch with the modern world. It is said that we must patiently wait for this difficult old gentleman, now 74, to make his exit.

President de Gaulle, assuming his health holds, is virtually certain of re-election in December. But even if his hand should yield the tiller it is probable that the new helmsman would steer a practically

identical course. The office of president, under the new French constitution, is even more decisive than it has become here. Whatever his deficiencies, de Gaulle has brought his country prosperity and prestige, which his successor will seek to maintain.

The point is emphasized, perhaps primarily for the benefit of American readers, in a current study of "The Future of French Political Institutions" by



BETTMANN

*Times have changed since Andy Jackson had to go to Capitol Hill hat in hand for legislative support.*

Professor François Goguel of the University of Paris. This is a wholly objective examination, written by an expert who throughout seeks only to explain, refusing to propagandize for or against de Gaulle.

By 1958, Professor Goguel recalls, the parliamentary system in France had broken down. Political leadership there, as is still the system in Great Britain, had been the prerogative of the prime minister, supported by a majority. Prior to de Gaulle the French president was largely a figurehead, similar to the British monarch.

In the name of democracy, a word as seductive to French as to American ears, all restrictions on the franchise had been eliminated and proportional representation introduced for good measure. These re-

*Dr. Morley is a Pulitzer Prize-winning former newspaper editor and college president.*



forms, most helpful to the communists, encouraged the multiplicity of parties and rival social groups which operated to deny effective parliamentary control to every prime minister, whether of right or left. From October, 1945, to June, 1958, the average duration of a French government was only 191 days.

Because of the excellence of the French civil service this precarious arrangement worked reasonably well, in periods of tranquillity. It became impossible under the protracted strain of the disastrous war in Viet Nam and the subsequent Algerian struggle for independence. So de Gaulle took power, by action not less revolutionary because accepted peacefully. Regardless of "face" he yielded to the Algerian demands and then, freed from the burden of colonial problems, wrote a wholly new constitution, later approved by national plebiscite.

This Gaullist constitution, carefully thought out in advance, greatly reduces the power of the national legislature and gives the president, as elected by popular vote every seven years, far-reaching authority. The prime minister has become the figurehead which the president was formerly. In short, the parliamentary system of government, as it was developed in Great Britain, has been replaced by the presidential system as practiced in the United States. The chief difference is that the legislature in France is openly deprived of the revisionary power which our Congress seems disposed to surrender voluntarily.

The alteration of French governmental structure, concludes Professor Goguel, has worked so well for the country that its continuation should be taken for granted. The successor to de Gaulle as president may lack the *mystique* and personal dignity which characterize the old soldier. But he will not lack the personalized power which during the past seven years has been used by de Gaulle to bring France back to a position of world eminence.

The same concentration of policy-making power in the executive is apparent in Great Britain even though there, as here, the system has not been openly altered. When Prime Minister Wilson took office, a year ago, it was freely predicted that he would soon be replaced, because of the paper-thin parliamentary majority of his Labor Party.

In order to avoid overthrow, Mr. Wilson has certainly had to make some concessions. But his firm control of highly centralized administrative machinery has given this Prime Minister a political security much greater than the close division of the electorate would indicate. It would seem more important now to elect the chief executive than to assure him control of the legislative arm. This he is acquiring by political evolution, almost regardless of the party divisions.

When West Germany regained self-government the same trend towards executive domination became apparent, under the firm direction of Konrad Adenauer. As the recent election there indicates, his suc-

cessor as chancellor has been less successful in controlling the Bundestag. But it is probable the memory of Hitler makes the Germans fearful of centralized power, even in hands which show no evidence of dictatorial itch. Similarly, in Italy, the recollection of Mussolini helps to keep the executive subservient to parliament.

In general, however, the trend towards centralized power is unmistakable and the factors which actuate it are not obscure. Broadly speaking there are three which are fundamental: rapid population growth, with an urban congestion intensifying all local problems; tremendous technological advance, breaking inherited patterns in every walk of life; increased reliance on government for individual support, to a considerable extent actively fostered by the executive because politically advantageous.

In these interlocking basic factors root most of the myriad problems which have caused people to turn to centralized authority as a panacea. That they can be solved better by abandoning traditional methods of responsible local action is highly questionable.

Such has not been the case in Soviet Russia or Red China, which show the most faith in government by decree. Government from the center relies on physical rather than moral force. Deterioration of the latter is mankind's gravest danger today.

If the gain in promoting the executive power is dubious, the loss involved for our federal republic is, unfortunately, far more certain. Destruction of constitutional balance is bound to have grave consequences for the American way of life. Legislative myopia, for instance, means less careful scrutiny of executive policies and consequently more costly blunders, at home and abroad, which sharper congressional criticism might well avert.

Subordination of the legislatures to the executive, of course, further undermines the repute of the former, which at best has been none too high in recent years. Without the diminished prestige of the State assemblies it would not have been possible for the Supreme Court to order their reapportionment along arbitrary lines. The lessened authority of Congress makes it logical to extend the franchise to illiterates.

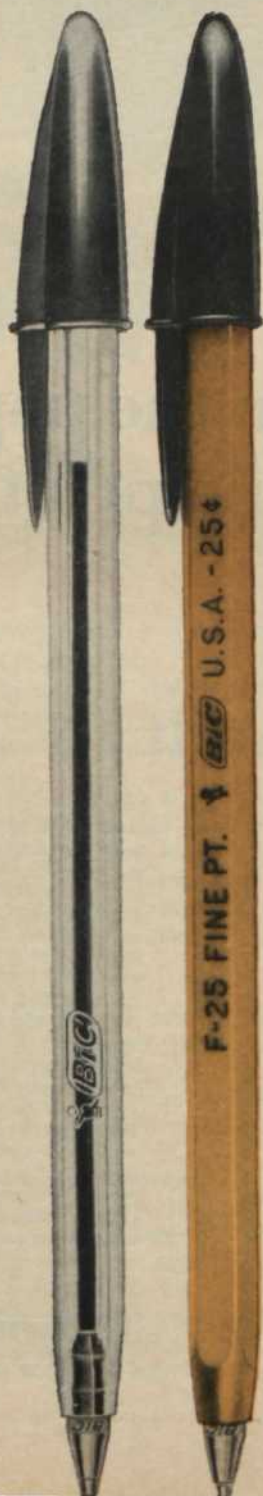
What is essential is that the best brains should now be available to the executive arm, which explains why the honor students in our universities are recruited in ever greater numbers by the constantly proliferating federal agencies.

It is not a happy picture for those who revere the American tradition and would prefer the old republic to the imperial status which, as in ancient Rome, requires military mobilization both for wars abroad and for riots at home. But, if the trend towards centralization is to be controlled, it must first be understood as a phenomenon of our age. The era is past when Senator Calhoun could tell President Jackson that he must come down to Congress and explain himself, if he wanted that Senator's support.

Now the technique is for the President to summon the lawmakers to the White House in batches, briefing them there on what he is planning and saying what he wants done to facilitate his grand design.



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Businessmen's forecast:

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# *More boom in '66*

A Nation's Business outlook survey  
of top executives tells reasons why

IN THE BEGINNING it was little more than a crayon mark, hesitantly drawn in the up position by statisticians whose graphs have a way of reducing romance to redundancy.

It was overdue when it arrived. And there were those on the welcoming committee who were hard put to hide their impatience.

Some even speculated dourly that it probably wouldn't amount to much.

But it did.

It weathered crises. It confounded economists. It delighted politicians who were In and dismayed many who were Out. It flabbergasted forecasters. And it bewitched the businessman.

"It," of course, is the remarkable American boom which began 55 months ago—an unprecedented run of expansion that is still going strong and is likely to keep right on rolling well into next year. That, at any rate, is the expectation of a majority of the 250 top business

leaders who participated in a survey just completed by NATION'S BUSINESS. Barring some unforeseen calamity, they find nothing that could puncture prosperity in the short-term future.

A combination of forces is holding the boom in high gear, as the optimists see it. Stepped-up military spending is one important impetus-adding force. But there are others: A high rate of consumer buying, continued hefty outlays by industry for new plant and equipment, rising personal income and increased spending by local, state and federal governments.

Then there is the confidence-generating momentum of the boom itself. It is, after all, a lusty prodigy among booms. It has made jobs and lifted standards through all but the bleakest backwaters of the economy. As one businessman remarks, "It's going to take more than one year to slow down a boom as strong as this one."

While confidence is widespread,





Airline president Floyd Hall is bullish across the board, says gains in his field will reflect basic economic strength.



Railman W. Arthur Grotz is looking for leveling trend, but he thinks defense needs will help offset any slowdown.



Banker Allen P. Stults warns that federal spending could lead to huge deficit that might endanger dollar's world role.

## **MORE BOOM IN '66** *continued*

there are those who see dangers or flaws in the current growth cycle. A majority of businessmen, for example, fear that Washington is playing fast and loose with inflation dangers by earmarking increasing dollars for welfare-state programs at the same time that defense spending is being escalated. Others, wari-

ly reviewing the age of the boom, question whether any expansion this long-lived can be sustained indefinitely without downward interruption.

"The tremendous growth of the past four years has 'borrowed' from future growth," asserts Hotel Corporation of America President Roger

P. Sonnabend. He foresees the economy leveling off in the months ahead.

In sharp contrast is the evaluation of Eugene C. Zorn, Jr., vice president and economist of the Republic National Bank of Dallas. He predicts further advances, and declares, "Underlying growth forces—the



Hotel Corporation of America President Roger P. Sonnabend feels the boom has borrowed from country's future growth.



J. A. Ryder, trucking executive, looks for more growth, feels Viet Nam conflict will have little impact on business.



M. J. Warnock of Armstrong Cork expects Viet Nam to put new upward pressures under wholesale prices of industry.



PHOTOS: LEO CHOPLIN, DECLAN HAUN, IVAN MASSAR—BLACK STAR—MAX HUNN

promise of the 1960's—are strong, and they will be reinforced by increased military spending and upward price pressures."

The latest NATION'S BUSINESS survey, like those before it in a semi-annual series dating back to 1956, asked key executives in leading companies representing a cross sec-

tion of the economy to tell in writing what they expect of the business outlook in general and their own businesses in particular—and why. They were invited to look ahead to mid-1966. Three fourths of the replies came from board chairmen, vice chairmen, presidents and chief executive officers; the re-

mainder from managers operating close to the presidential level. Of 250 responding, 59 per cent predict new gains in business between now and the middle of next year; 38 per cent anticipate a leveling trend, and only three per cent forecast a downturn. In the small group of  
(continued on page 122)



# EISENHOWER ON THE CHOICE AMERICANS MUST MAKE

An exclusive Nation's Business interview



General Eisenhower, in the dedication to your new book, "The White House Years: Waging Peace," you express the hope that your grandchildren will enjoy the freedoms that we have now and that these will not be lost when they are adults. Many of our readers also have grandchildren, and are concerned, too, about maintaining freedoms. Do you see any real danger that Americans may lose some of the freedoms they have today?

Well, just as a matter of history, we must take note of what happens to a nation when it becomes affluent after a long period of work and adventurous activity have brought it to a position of great prominence and prosperity.

Thereafter, you begin to have a different atmosphere in a society. As long as the Roman nation made patriotism almost the basis of its whole philosophy, as long as each citizen took great pride in the fact that he had served in the army and had done his duty as a soldier, as long—in other words—as citizens were carrying on the work of pushing for the greater strength and glory of Rome, they were a great nation. They ruled practically all of the known territory of the earth.

But when they got rich and began to be more concerned with circuses than with their duties, and when they found that they could let the nation collect the taxes from abroad or wherever it wanted to, pretty soon they got to the point of dissolution. And Gibbon's history was written of a tragedy rather than of a great and constructive accomplishment.

Today the United States has gotten to the highest point up to this moment in prosperity and general income, expressed in terms of the conveniences and all the comforts and things that individuals like; excelling in this regard any nation in history. But we should not assume that we are not prey to the same



## with the distinguished former President

kind of deterioration that has afflicted other societies.

So what I am really concerned with is this: Are we getting so used to riches in the United States that we are losing some of those great qualities that did so much to bring us to the place where we are now? The initiative? The sense of self-assurance? Self-confidence? The ambition to do for oneself and one's family and one's locality?

Are we losing some of these qualities and, therefore, risking the loss of the liberties that will come about when some centralized government begins to perform more and more things for us?

**A big part of it is the increased reliance on centralized government?**

That is correct. More reliance because we are offered so many things. And the bill gets bigger and bigger and is reaching more and more people. Finally, everybody is told "Well, just leave your problems to us. We are the bright boys, and we will do it for you. Don't worry."

Well, if we are going to lose our kind of personal ambition and individualism, that kind of citizenship responsibility, then the future begins to look dark indeed.

**It is often argued, because of our fast-moving and complex age, that only the federal government is sufficiently big and well equipped to handle our problems. How do you answer this argument, General?**

Well, I'd put it this way: I think that the millions of economic and social and political decisions that are made each day by a whole nation, if respected and properly applied by the several echelons of government as envisioned and set up under our Constitution, give us a much greater assurance of continued

prosperity and progress and the attainments of our basic aspirations and objectives than do the opinions and decisions of a few political figures in Washington, D. C.

**How can this idea of individual responsibility be gotten across to people at a time when politicians are able to argue so persuasively in favor of federal programs of one kind or another?**

Human nature seems to be the only unchanging thing in this whole world. Even terrain changes. But go back to the time of Pericles, and study the history of his time, and you find that human nature is still the most stable or most rigid in its basic characteristics.

It would be foolish to think that we are now going to change human nature. But if we take the history of this country and show that free government is still under test, that it is not a completely proved philosophy for the long term, then, maybe we can appeal to self-interest—as well as to any other higher instincts of man—to get him to do the things he should do. It is his choice.

I am perfectly certain myself that the best answer to overcentralized government is better local and state government. Strangely enough, it seems that in local and state government more malfeasance and more crookedness have come to light than in the federal government.

Here and there, you hear of some of it at the federal level, like the Teapot Dome scandal and a few others. But by and large, that part of it that has become visible has been in local government.

The real answer is, in my opinion, for these local governments to perform better. And that must come from the education of their citizens—better information and participation.

And I think, among other things, we have got to



## EISENHOWER ON THE CHOICE AMERICANS MUST MAKE

*"It's a false assumption that wisdom of the United States is centered in Washington."*

make the words "patriotism," "sacrifice," "citizenship"—these terms—mean more, as they once did.

When I was a boy, any Fourth of July orator who didn't get up and talk about at least the Civil War and the Revolutionary War—as we used to say, "Pull a few feathers out of the eagle's tail"—we didn't think anything of him.

Now, today, you are considered sort of a square if you say that we ought to talk about patriotic instincts. And this is part of what I am talking about—the softening of the character of the individual, which means in the long run the softening of the nation. We have got to be tougher with ourselves.

**The federal government seems to be more and more involved in activities that pertain to local problems. Do you feel that citizens can really solve their problems if they show more initiative at the community level?**

Let me say this: The federal government doesn't get any revenue that doesn't come from the localities. It gets its money from taxes.

Now, they do get a little more by printing a little money and through their borrowing capacity and the authority of the federal government. But by and large, the money Washington gets, it takes away from us.

Why do they know more about local problems than we do ourselves? Let's take a little town like this one—Gettysburg. Why does the federal government have greater wisdom in finding solutions for its problems than the people living here?

I think it's a false assumption that the wisdom of the United States is centered in Washington. And I think it is on that assumption that we are so ready to give up our own responsibilities and powers of decision. Let the money go there, and then some of it will come back to us under schemes and plans and

programs that the bureaucrats say are proper and justified.

I think there ought to be more local pride. Our schools and the private local organizations that we have should indoctrinate our people by stressing local pride and local responsibility and authority. In the long run I simply don't believe it is possible to make laws centrally that can completely and wisely govern a nation as big as ours.

The conditions in the State of Washington are very different from conditions in Florida. And all across the way, when you go to the desert, the mountains or the agricultural regions or the great industrial centers, conditions are different. I just don't believe that we should have laws that assume complete conformity across the board.

**One of our great American principles is free collective bargaining. Is the federal government moving too deeply into labor-management relations?**

Well, they give guidelines, and I think that governing our economy by guidelines is false and bad. I believe that when the federal government throws its whole weight, its political weight, and every kind of influence it can bring to bear to dictate the prices of this country, it is going outside its province.

I do think the federal government has a right to call attention to such things as wage-price spirals, the danger of inflation and the risks that we run with an inflation trend. All of that kind of thing is perfectly proper, but it should be done in terms of dialogue or debate. When they definitely intervene in these things with a so-called constitutional responsibility, then I think it is wrong, very wrong.

**There seems to be quite a widespread feeling now that Uncle Sam has to keep things booming. Is this one of the jobs of government?**





PHOTOS: GEORGE TAMES

*General Eisenhower makes an emphatic point to Nation's Business Associate Editor Paul Hencke and Managing Editor Tait Trussell.*

The government should keep political and economic conditions in this country so that every man feels free to fulfill his own ambitions as long as he doesn't trample on the similar rights of others or ignore his obligations as a citizen.

Now, I think that the effort to keep a boom going when maybe a boom is not called for always, this is a matter of a few people saying they know better what is good for all of us than we do ourselves.

I do not want to appear as criticizing the need for national decisions affecting our currency, the value of our dollar, protecting it abroad and all the rest of it. All these things have to be done because no individual can do them. But I think they ought to be done with the greatest concern for the mass of economic opinion—plain common sense.

I don't think we should follow any one school of thought. We should strive here and see what every professional believes about these things. I flatly disagree with all those economists who say that it should be a deliberate policy of government to have unbalanced budgets, that we need to spend more money in the economy through the federal government than we take in. In the long run, this is a certain route to inflation. Creeping inflation, you see, has a tendency finally to become galloping inflation. That's the thing we should remember.

We have never had experience with a completely "out-of-hand" inflation, even though I believe that in the seven years from 1945 to 1952, the cost of living went up about 47 per cent. That was quite a heavy rise. And we seem to have a little bit now right along that line.

The policy of our government should be to sustain the value of the dollar.

One reason is that we have become very dependent in our economy on pensions, insurance policies, on

savings deposits, on the purchase of government bonds, and so forth.

Now, if we are going constantly to find that when we put money into bonds, insurance policies, savings banks and so on, we are going to get back in our old age only half of what we put in, sooner or later there is going to be a loss of confidence. And this is going to bring about a disastrous situation. You just can't do that.

Someone told me, although I never looked it up, that everybody who bought E bonds in World War II was told he was going to get back \$1,000 for whatever he put in—\$750, I think—that this was a very fine investment. Well, I was told that no one got back, in real purchasing power, as much as he put in. This is, to my mind, the government fooling its people.

**Well, General, what do you think is the wisest economic policy right now? We have had an unbalanced budget and we haven't seemed to have had much inflation.**

As a matter of fact, we seem to be in a sustained rise in economic productivity and general prosperity that has lasted longer than in any similar period in our history. Some are saying it is because of our policies of reducing taxes. Well, this is just wonderful except for this: If it is true, why don't we reduce taxes to zero? So if you reduce this argument to the absurd, you begin to say somewhere along the line, "There must be a proper level."

Another thing, why in the first place did taxes have to go so very high? Why did our debt have to get so big? The costs of the war, of course, are one great answer. And the fact is that even during the war, our prices went up rapidly, in spite of OPA and all of its activities. Not only did you have black markets here and there, (continued on page 78)



# WHY A CITY TURNED DOWN FEDERAL DOLLARS

A brand new report made by political scientists analyzes just why U.S. urban renewal was dropped

A FAST-GROWING, little southern city has a lesson for hundreds of the nation's metropolises.

In a classic illustration of democracy, Orlando, Florida (pop. 101,500) proved last fall that an enlightened people can decide what's best for their own community. At issue was whether the city would accept money and the rules from Washington on how to improve the community or whether it would have the pride to renew on its own.

After a highly charged educational campaign, an informed public killed the proposal to use federal urban renewal for its blighted section in so stunning an upset that it was made the subject of a special academic study. Political scientists from the Center for Practical Politics at Florida's Rollins College conducted the research under the direction of Prof. Paul Douglass.

This just-completed study of an urban renewal battle traces in detail how the community made up its mind. It comes at a time when billions of federal urban renewal dollars are being temptingly waved under the noses of city officials elsewhere in the country, and when some cities are having second thoughts about whether the federal program of subsidized slum clearance is really worth it.

The urban renewal controversy started in 1961 when Orlando set up an urban renewal agency, hired an administrator and began to develop a \$21.5 million program according to the federal blueprint for dealing with city blight.







*John B. Newsom, city commissioner of Orlando, Fla., organized successful opposition to federal urban renewal plan that had initial local support.*

Everybody seemed behind the program—the city newspapers, banks, building materials suppliers, savings and loan organizations, business organizations, real estate, welfare officials, some religious leaders, the school superintendent and the mayor.

#### **Foolproof machinery**

The federal program was promoted through a coordinated effort which included a citizen advisory council, publications acclaiming federal renewal, speeches by city officials, a flood of news releases, and public meetings run by city agencies.

Rollins researchers described the effort as “standardized as the legislative language of the law itself, as foolproof in its sequence of operations as an electric eye in opening doors and as carefully timed as the calendar of Lent.”

Detailed plans were drafted for a 100-acre area, providing clearance of 60 acres, major street improvements, rerouting of traffic, coordination of residential, commercial and industrial use, and reservation of school and recreation areas.

Public debate was carried on with all the trappings of a political campaign—which it was—and all the standard arguments you’d hear in any city were thoroughly aired.

“Urban renewal is the only program which assures that every family is satisfactorily relocated in decent, safe and sanitary housing at a price which they can afford to pay,” declared the urban renewal administrator. He pledged each family a chance to relocate in its former neighborhood. *(continued on page 102)*

*City voters killed the federal project in spite of an intensive pre-election phoning operation to seek support.*





# LESSONS OF LEADERSHIP: PART V

## SENSING WHO CAN COMMAND

What will our next move be? Is he the right man for the job? What's the competition up to? Typical and demanding questions of life in the executive suite. Questions the computers or consultants can't always answer. They take the special wisdom acquired through long years in charge of getting answers and getting results. This is a priceless asset business veterans possess. In this issue, *Nation's Business* brings you the fifth part of a series: *Lessons of Leadership*. The series is presenting the accumulated wisdom of respected statesmen of American business told in interviews with *Nation's Business* editors.

CRAWFORD GREENEWALT hesitated, savoring the question. If he had his business life to live over again, would he do anything different.

The pause is understandable, for the business life of Crawford H. Greenewalt, now 63, has spanned the most revolutionary advance in industrial technology the world has known; and he has witnessed it from an apex of leadership in the scientific-industrial community.

Mr. Greenewalt has become eminent in this community. He was president of E. I. du Pont de Nemours and Company, Inc., from 1948 until he stepped up to what he calls the half-time job of chairman of the board in 1962.

This half-time job competes with a formidable list of other activities for Mr. Greenewalt's energy and extensive intellectual interests. Not the least of these interests is a passion for photographing and studying hummingbirds, a hobby that takes Mr. Greenewalt and his wife, the daughter of a previous Du Pont president, to remote parts of the Americas.

Mr. Greenewalt believes he would have been

happy to have achieved less in business than he did. But that isn't the way things happened. He is the son of a Philadelphia physician, went to work for Du Pont as a chemist in 1922, right out of college. He was directly involved in the development of nylon and in the wartime atomic energy effort. He is one of business' most articulate students of the art of leadership and the mystic ingredients that make for leadership, which he discusses in this interview.

**Mr. Greenewalt, you have written that management has "the prime responsibility of filling its own shoes." Do you mean that is the topmost task?**

That is one of the major ones. I have known too many occasions where one man kept on running the show all by himself. Then he died and all hell broke loose.

You have to look at the job of running a major company as a trusteeship. The president must do his job and see that succession is provided for when it comes time for him to step out.

Many people act as if they are never going to die or retire. They act as though somebody will simply come along to handle things. But too often nobody does come along.

It's a curious fact that people accumulate an aura of indispensability. They honestly get to thinking, "Nobody can run a business like I can."

**Well, how do you choose your successor? You had to go through the process of recommending your successor when you stepped down as president in 1962.**

Our organization is headed by an executive committee of the *(continued on page 110)*



A conversation with  
Crawford H. Greenewalt  
of Du Pont

JOE COVELLO—BLACK STAR





# WHAT TO EXPECT NEXT FROM RED CHINA

An inside look at the strange strengths  
and strategies of this communist nation

IT NOW APPEARS certain that our true enemy in Viet Nam—Communist China—will become even more formidable in the next few years.

This worrisome outlook isn't based on any new size-up of Red China's military prowess: Assumed growth of the country's atomic weapons industry, for example, has long since been cranked into Westerners' power appraisals.

It's based, instead, on a deep new look at Red China's economy, long the bane of Mao Tse-tung's dictatorship.

An appraisal of the enigmatic Red nation by political and economic experts reveals potentials for economic growth that could be the basis for frightening Chinese adventuring in the future. These analysts have toured China, kept in constant contact with information sources in Hong Kong, Japan and other listening posts, and have access to the best free world monitoring services of Red Chinese activity.

Their appraisal was made expressly for NATION'S BUSINESS against the backdrop of events in Viet Nam and the Indian subcontinent.

What the experts find is:

That the Red Chinese have the technological capability to leap from the Middle Ages to the mid-Twentieth Century in a single field in one staggeringly quick jump whenever they really want to;

That Peiping has taken steps toward straightening out its agricultural mess;

That China's expanding international trade promises to bring in new Western-built machines for developing industry and untapped raw materials;

That the Red Chinese have increasing abilities to use trade as an offensive weapon against underdeveloped nations, as well as against America's markets.

The experts even rate Peiping's massive armed forces—some 2.7 million men—as an economic plus. Soldiers don't strain the economy because arms and equipment are neither abundant nor elaborate. And

the army, a big food producer on its own account when deployed to the fields, is also a powerful agent in easing shortages.

Will all of the economic advances really come about?

There are many reasons for saying no.

For one thing, ideology and bungling inherent in the communist system have sabotaged progress in the past and will slow it in the future. For another, the economic and military strength of the United States and its friends is also growing at a rapid pace, forcing the Chinese to climb doubly fast just to stay where they are.

Nor does economic growth automatically mean Red China will stick to its present policies.

Today's leaders are mission-minded, to be sure. Their self-appointed task is to combat revisionist Russian communism as much as Western capitalism. They have instilled into China's 700 millions a sense of purpose so strong that it is obvious even to the blindest visitor. Its rulers have set their sights on world leadership, and China's coming challenge to the U. S.—and the U. S. S. R.—could make the cold war of the past 20 years look like a parlor game.

But the next 10 years must bring some change of leadership. The survivors of the Long March of the early 1930's will have to be replaced by men who did not fight for power and who have spent their adult lives under a rigid dictatorship. So the present government is absorbed with the problem of succession. It means to create an elite that is Red first and expert second; but the outcome could be that it's the technologists who come out on top and the crusaders for global communism who lose.

Many questions plague the aging hierarchy in Peiping. One nightmare is that growing prosperity may build up a desire in the Chinese people to live in friendship with the rest of the world.

With all its inconsistencies and problems, Red China unquestionably is the biggest menace to the



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多快好省地建设社会主义！





## RED CHINA

*continued*

world's peace and prosperity, and its military and commercial challenges are inextricably bound up with each other. Sorting through the pluses and minuses, here's why the analysts foresee growing dangers:

### **The economy bounces back**

Red China is on the threshold of its third five-year plan. The time seems ripe for an advance that can be trumpeted abroad. The years from 1963 through 1965 have been used to repair the havoc caused by the Great Leap and the calamitous harvests of 1959-61. These years revealed how China's leadership can throw ideology overboard when economic realities become harsh enough.

Instead of concentrating on heavy industry, as the Marxist gospel stipulates, China's leaders have given first priority to agriculture and second to light industry. Signs are that the new plan will continue the same policies.

For any developing country to renounce prestige projects and concentrate on the necessities of life is an unusual pattern of priorities. When and where did agriculture ever yield a quick return? But it promises in the long run to provide a rock-steady foundation for future industrial development. And present farm policies could brighten China's image still further in the eyes of the uncommitted world, for they aim to solve problems in ways appropriate for an undeveloped economy.

China wants a growing volume of food and raw materials both for domestic industry and export, employment for its vast population and a domestic market to stimulate industrial growth.

Harvests have been rising since the 1961 low and this year looks like a bumper crop—thanks partly to good weather. Food grain and potatoes should exceed the 185 million tons grain equivalent of 1957. Cotton, sugar, jute, rapeseed all promise well.

This improvement does not mean that China will stop importing food grains. Imports will go on for some time yet. Food output has expanded but not as much as China's massive population, and it is impossible to build up a stockpile from home production. Imports are needed to supply grain reserves that can be used in bad years.

Peiping's farm policy should not be talked down. It would be surprising if, in the long run, Red China's agricultural production does not rise more steadily and more steeply than that of, say, India.

Industrial plant is developing, too. But China is still a long way from challenging the world's industrial powers. Output last year rose by 15 per cent and is slated to climb by a further 11 per cent this year. But these figures are reported by the Chinese, who report almost nothing that doesn't picture the economy as moving forward.

What is significant is that industrial development is directed toward serving agriculture. So the greatest progress is in such branches as fertilizers, pesticides and insecticides, small electrical pumps and generators, tools, natural and synthetic textiles, as well as in producing machinery to make these goods.

These industries have made big strides and there will be more to come in the next two to three years. In these fields China has—technologically speaking—pulled itself up by its own bootstraps. It has taught itself to make, for example, all the machinery required for large-scale ammonia synthesis and many new types of plastics. Within recent months a Chinese-designed and equipped vinyl factory has gone into partial operation—well ahead of a similar plant being imported from Japan.

### **New industrial capability**

Heavy industry also has racked up technical achievements. Chinese engineers have made a 12,000-ton hydraulic press and are able to design and produce large power generators, heavy diesel locomotives, many electronic measuring devices and most of the equipment required in petroleum exploration and exploitation.

But the industrial sector still lags. Iron and steel, chemicals, vehicles and many of the engineering and machine-building industries remain comparatively neglected and even now are working below capacity. And for the most part this capacity is ludicrously small compared with the size of the country. Steel capacity is reckoned to be around 15 million tons a year; current output 8-10 million tons. Hong Kong observers rate vehicle capacity at no more than 20,000 units a year.

Brilliant marksmanship is not needed to pinpoint the weaknesses of China's industry. Apart from its size and the fact that it is sub-

ject to rigid planning, it is unbalanced and suffers from unskilled and top-heavy management, much obsolescent machinery and a captive and ignorant market.

The country's leaders are aware of these defects, and drives to streamline management techniques are under way. Bureaucracy is to be pruned to a minimum. Technological backwardness is to be overcome by training more designers, by learning from the example of industrialized nations, by encouraging the adoption of new techniques.

Industry's strengths are less easy to judge. If given the freedom to do the job, Chinese designers, scientists and engineers can give their country an industry as advanced as any in the world. But the sheer size of the job of industrialization will hold progress to a modest rate for at least these first years.

### **China plays leapfrog**

The nation's nuclear progress shows what sort of technological leap Communist China can make if it really wants to.

China exploded its first A-bomb in October 1964, its second in May 1965. Thanks to U. S. intelligence, the tests came as no surprise. The shock was the use of uranium 235 rather than the less sophisticated 238. This suggests that Chinese scientists have the ability to make an H-bomb before the end of the decade.

The bill for nuclear weapons to date can only be guessed at on the basis of similar programs carried out by other powers—a total expenditure of perhaps \$2.5 billion between 1959 and 1964 and current annual outlays of some \$500 million; a further \$5.5 billion between now and 1975 to provide an arsenal of nuclear bombs, though not the means to deliver them. How big a bite does this take out of China's total resources? No one outside China can say, since virtually no economic statistics have been released during the current decade. Statistically speaking, China gets more and more inscrutable.

What is clear is that the nuclear program is monopolizing the best scientific brains, and the rest of the economy is suffering for it. It must also have put a heavy strain on some branches of Chinese industry already disrupted by the withdrawal of Soviet technicians and aid in 1960.

But in Chinese eyes this is a small price to pay for the tremendous  
(continued on page 84)

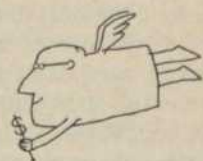




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We sell all kinds of insurance: business, property, casualty, life. Why don't you buy some?

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# A LOOK AHEAD

## New company health benefits?

*(Credit & Finance)*

## Atomic Santa Claus

*(Construction)*

## What the ad men found

*(Marketing)*

### The average businessman's health



Not feeling well  
11½ days a year  
Off work  
5 days a year  
Sick in bed  
4 days a year  
Hospitalized  
1 person out of 12  
Injured  
1 person out of 6  
Chronic ailment  
1 out of 12

### AGRICULTURE

"I figure my land will go up \$80 an acre in the next four years."

That's an Iowa farmer talking a few weeks ago about the impact of the Administration's farm bill on acreage he bought this spring.

He illustrates the outlook for farm land values in particular and much undeveloped land in general.

Government farm programs push values higher on acreage approved for growing subsidized crops.

In Dixie, delayed reaction to new farming techniques plus general economic upturn there gives a surge.

Citrus groves, prune orchards go for \$12,000 an acre or more in California for subdivisions, a phenomenon repeated in other urbanizing areas.

Gentleman farmers still bid up some farm prices as they invest in land, cattle, citrus. Crackdown by federal taxmen against purchase of farms as deliberate tax-ducking maneuvers hardly slows up demand.

### CONSTRUCTION

Some city—maybe yours—will get a \$300 million Christmas present, courtesy of the Atomic Energy Commission. And that's only a starter because the project will probably open up many related new business opportunities in the area.

The goody is the so-called National Accelerator Laboratory, which will have the world's most powerful atom smasher—estimated building cost, \$300 million; annual operating cost, \$60 million; permanent employees, about 2,000, mostly high-energy physicists.

AEC and scientists at the National Academy of Science are selecting the winner now from 25 semifinalists. Announcement is due in late December. About 125 areas originally applied.

Winner will surely face backbiting; Congress must still appropriate the cash in next year's budget.

### CREDIT & FINANCE

Insurance industry strains to see if medicare will touch off widespread demand by employers and employee groups for changes in group medical policies as related to retirees. Many experts think it will.

If so, this could offer new competitive openings for rivals.

New compulsory government medical plan for people over 65 largely offers coverage now being paid for by employers in many group plans.

This means few employers are going to want to pay for coverage duplicating Uncle Sam's for retirees, insurance men figure. They'll seek to sell additional coverage for younger workers, instead.

Such as: Some seers expect addition of dental care, extension of major medical benefits to more workers. Other companies may want to buy coverage for retirees that starts where medicare ends—extra days in hospitals, private nurses, for example. Some unions indicate they'll ask employers to pay the \$3 a month charge for medicare's voluntary extra coverage provisions.

(For more on health see "Labor.")

### FOREIGN TRADE

America's problems raise puzzling questions for U. S. businessmen overseas; companies try to prepare their people going abroad.

Viet Nam, balance of payments, civil rights are touchy topics.

"On Viet Nam, we try to expose the businessman both to Administration spokesmen and their most vigorous critics so he'll know the issues clearly," says Harold Randall of the Business Council for International Understanding. BCIU prepares businessmen for living abroad by teaching how to get along with foreigners.

"We're adding a special session on the balance of payments because of high interest," says Mr. Randall. Foreigners want to know about U. S. attempts to sell more, but spend less abroad. A Negro representative of a major oil company heads for Africa



with plans to tell America's critics, "Yes, the country has problems, but I'm an example of how well a man can do who knows his business."

## **LABOR**

Ever wonder how your aches and pains—which seem to get worse as the years pass—compare with those of other folks?

The government's National Center for Health Statistics, which counts such things, indicates in a new report that businessmen are probably a bit better off than the average.

Businessmen (managers, officials and proprietors, in the statisticians' nomenclature) are slowed down by illness about 11½ days a year, including four days in bed. But they lose only five days of work on the average each year.

Illness keeps farmers off the job over nine days, laborers about seven days but professional and technical workers only four days, the best of the lot.

"The rate of work loss," said the analysts in a further breakdown, "was highest among self-employed persons and among those working for the federal government."

Do you have some chronic problem such as an allergy or bum heart?

So do about 56 per cent of all businessmen. But the problem handicaps only about eight per cent.

Businessmen spend more on their health than other people do, the survey shows.

## **MARKETING**

The advertising industry, which is constantly trying to hone the appeals of its clients to pinpoint markets, continues to come up with useful findings about Americans.

One of the newest comes from the Advertising Council, a nonprofit group of major companies and ad industry men who prepare public service ads, often in cooperation with the government.

It is just kicking off a nationwide

campaign designed to inform minority groups of new job opportunities in business and to encourage them to prepare for the jobs. The council found in a study of Negro teen-agers made in preparation for the ad campaign that they didn't react at all as expected to two terms:

"Jim Crow" was widely unknown or misunderstood. So was "white-collar job." The advertisers found teen-agers reacted more favorably to pictures with both whites and Negroes in them than those with Negroes alone.

## **NATURAL RESOURCES**

Steel's lickety-split modernization of its mills is being accompanied by a less widely known revolution in iron ore output. More advances are coming, experts forecast, although they hedge on timing.

Engineers are hottest on the trail of a method to reduce ore to about 85 per cent iron by chemical methods at the mine. That means to take much of the oxygen out of the ore before it goes to the mill and thus cut costs for both transportation and smelting.

"There's nothing to it in the laboratory," says one expert, "but when you try to expand it in scale there are all sorts of problems."

Railroads improve lines, expand unit trains in hopes of making their costs more competitive with water shipment on Great Lakes. But shipbuilders blueprint ever-bigger, more economical ships for lake and ocean voyages.

New ore discoveries, latest technology that puts lower-grade deposits to use combine to cut world market price about 20 per cent in last three years. Despite big new foreign finds U. S. mills get bulk of needs from here and Canada. U. S. iron ore production totaled 82 million long tons last year, up from 78 million a decade earlier.

## **TAXATION**

You can expect debate over the much-praised congressional plan for

simplifying state taxation of interstate commerce. The proposals by a House Judiciary subcommittee won't fly through Congress unchallenged.

Proposals seek to set ground rules for states, localities in taxing sales and income from goods sold in interstate commerce. But there would be no restraint on tax rates.

Some states, cities aren't going to like the idea because it will cut the base on which they've been levying taxes. Neither will some companies, depending on their sales methods. But present signs indicate most firms will favor it.

Uncle Sam's Internal Revenue Service would referee the scheme, stirring some fears of new federal involvement in state affairs. But proponents ask, who else can do the job that would have to be done?

House Judiciary Committee will handle the legislation—not Ways and Means which normally writes tax bills. Subcommittee Chairman Edwin E. Willis foresees passage in 1966. His committee expects lively hearings on specific proposals.

## **TRANSPORTATION**

A year from now—fall, 1966—a fleet of 40-50 electric railroad cars should begin whizzing along railroad tracks between New York and Washington. They'll test theories for speeding transport in this northeast corridor as part of Uncle Sam's newly passed three-year study.

Five gas turbine rail cars will be similarly tested for patronage and feasibility between Providence and Boston.

Still another part will look at how buses can work as feeders to the rail system, and universities will dig into research on high-speed equipment.

Almost as important for planners, the government is also launching a nationwide system for collecting transportation data. You'll want to keep an eye on what sort of statistics come out of this. They'll be especially valuable for attacking other urban transit tangles, officials say.



# PATTERN FOR SUCCESS

Human behavior in business: Second in a series re-creating the Harvard Business School's Advanced Management Program

HELSON SMACKED his forehead with his palm and stormed into his office, slamming the door behind him.

He left Ben standing perplexed in the hall, unable to figure out what he had done that got his American boss so upset.

Helson, manager of a Middle-East subsidiary of a large American chemical company, stared out the window at the truck below—right where it had been all day.

"Ben was fully aware of how important it was to get that truck loaded today," he muttered, kicking over a trash basket. "He knew damn well it'll be a month before we can hire another refrigerated truck for even a day in this flea-bitten country. Now we've probably lost our biggest potential buyer.

"Why didn't he tell me when he found out our jug stoppers still haven't cleared through customs? I could have borrowed some from another firm."

Ben, a native of the country, thought as we walked slowly down the hall:

"We couldn't ship those jugs without the special stoppers. And you don't just interrupt your boss with trivial problems he can't do anything about."

The situation is one of many true cases in human behavior you discuss during 13 study-packed weeks in Harvard's Advanced Management Program.

Prof. Renato Tagiuri, who conducts that part of the course called Human Behavior in Organizations, has a knack for taking a small situation such as the above and extracting from it a blackboard full of lessons for businessmen.

In this case, the soft-spoken Prof. Tagiuri attempts to bring out some of the implications cultural differ-

ences can have for management. He notes among other things how greatly peoples differ in what they regard as important in authority, responsibility and initiative.

"The greater the traditionalism in a country, the less people tend to exercise initiative," Prof. Tagiuri says. "You can not expect the people you send abroad to operate with the same effectiveness they have at home."

Through cases, lectures and reports by small groups of program participants, Prof. Tagiuri tries to provide you with a way of thinking about the human aspects of management that is systematic and practical. He

Points brought out in class are deliberated in Hamilton Lounge.

---

*A man of breadth is a man of judgment. So believe the designers of the oldest, and undoubtedly best known executive development course operating today—Harvard University's Advanced Management Program.*

*Nation's Business, with the cooperation of Harvard's Graduate School of Business Administration, assigned Associate Editor Walter Wingo to spend three months at Harvard studying the program, living with the select group of executives taking the course, attending classes, reading the texts and cases and interviewing the professors. The noted pictorial reporter Franklin McMahon illustrated this series which Mr. Wingo wrote.*







strives to combine the miscellaneous opinions and notions you may have formed throughout your business life with some basic ideas developed by behavioral scientists.

The Italian-born social psychologist's extensive academic career is buttressed by much practical experience in many countries as a consultant to business concerns and governmental organizations. Prof. Tagiuri also is a respected author in the field of management psychology.

In his view, every person is engaged in a constant effort to come to terms with his surroundings in order to satisfy his needs.

In order to deal with the world around him, each person has to develop, with effort and time, his own idea of the environment. Once he has organized the world in his mind to his satisfaction, he tends to hang on to that structure passionately—even in the face of contradictory facts.

This representation of the world evolves and changes with experience and is colored by a person's particular background and make-up. Thus people form very personal views of things and situations, especially of abstract and complex matters. As a result, you can't assume that any two persons will see the same management problem exactly the same way.

### **Multitude of viewpoints**

You and the other participants in the Advanced Management Program see some evidence of these differences in verbal crossfires that take place daily in the amphitheater classrooms in Aldrich Hall and in small discussion rooms in the basement of Hamilton Hall, your sleeping quarters.

You are all on about the same management level and have the same sets of facts before you, but there are as many viewpoints as there are "AMPs." Gradually you get used to the idea that there are many legitimate views of a particular management issue and that the good businessman needs to be keenly aware of this fact. You find yourself listening harder.

"Although it is good practice to try to see how others view a situation," Prof. Tagiuri says, "this must be done in such a way that your subordinates will not feel you are depriving them of your leadership."

"A good way to know what others think is through daily contacts with them, rather than through meetings especially set up to find this out."

Prof. Tagiuri holds that people establish various relationships with others to obtain help in dealing with their environments and satisfying their needs. You are reminded that there are three crucial ways in which a person has to place himself in relation to others at work.

The first involves a person's assignment and the matter of deciding who does what. Unless a person

understands his duties and has the skill and competence for them, he has trouble getting anything done and obtaining what he needs.

The second involves his positioning with respect to influence, authority and power. These relationships determine who is boss, who has responsibility, who really can swing whom around.

The third involves sentiments, feelings and affections. You become fond of another or dislike him to some extent regardless of whether he outranks you or not, regardless of his skills. \*

### **The dust must settle**

All people in a work group—whether a factory team or a set of executives—must settle these three relationships among themselves.

If a person does not, he is unable to get on with his job. He does not know exactly what he is to do, who has authority, who is his friend or which elements of the environment he can control and which he can't.

Having reached some sort of equilibrium, a man tends to resist anything he thinks might upset it. If his "web of connections" is broken, he will get busy reweaving it.

When a new boss takes over, for example, all relationships potentially change. Everyone in the organization immediately begins re-establishing connections with the others. People test each other's limits.

This business of building certain relationships and holding to them can be viewed as something that men need and want. In this sense it bears on motivation, a subject constantly in the mind and on the lips of management. But motivation is a slippery subject.

Some think people are motivated by the stick, some by the carrot. Some talk about a few basic needs, others have long lists. What is this mess all about?

"Motivation is not really different from any other abstract concept," Prof. Tagiuri assures you during one of your biweekly small dinner sessions with a professor.

"No one has ever seen a motive. As with gravity and electricity, you can see only its manifestations. But you can study the properties of a motive."

"You know much about motivation already. Perhaps too much. I can only suggest ways of putting this knowledge in fewer mental boxes for easier use in the management setting."

### **Motivation's motif**

There are certain characteristics of motivation—in addition to the basic need to achieve a stable relationship with one's environment, social and physical—that seem to hold, whatever the approach.

One is that motivation is to a large extent uncon-





You see firsthand the three major ways people act to get a job done.

scious. By the time a person is an adult, it is difficult for him, or anyone else, to tell really why he wants something.

Needs vary with the stage of life, of course. A man at 40 experiences many pressing needs that derive from his responsibilities to his family and his parents and from his struggle for advancement in his company. An older man is relieved of many of these burdens. He has other needs that require satisfaction.

Whatever his needs, a person cannot often satisfy them by himself. A businessman must keep this in mind. When you help an employee satisfy a need, you likely get cooperation. When you impede it, you probably cause yourself difficulties.

Unfortunately, needs often conflict. The mature adult deals with these conflicts by learning to tolerate them and by setting up priorities. As a manager you can help your people overcome their own limits. You can add greatly to a man's world by the way you handle his rewards at work.

One important feature of motivation is that as soon as a man partially satisfies his most pressing needs, several others emerge and shout for attention. The direction of a man's behavior at any one time actually is determined by the pressures of his assorted needs.

Several attempts have been made to arrange man's needs in a hierarchy ranging from the most basic to

the most sublime. One such arrangement lists: physical needs, safety needs, sexual needs, social needs, ego needs and self-fulfillment needs.

Physical needs we know best. They are inflexible; if we don't satisfy them, the body will perish. So, we take care of them first. But man lives for bread alone only when his stomach has been empty for a while. When he eats, hunger declines as an important motivation.

Once physical needs are satisfied, we concentrate on guarding against arbitrary loss of the things we value. A man's job, of course, plays a tremendous role in satisfying his basic needs. Management actions that make a man edgy over whether he is going to keep his job can touch off violent responses.

The need for sex differs from some other basic needs in that sex gratification can be postponed even when sex dominates the mind. That is, a person can go on to satisfy higher-level needs for now and come back to sex at a perhaps more opportune time.

#### **Friends in need**

Next in line are social needs, most students of the subject agree. These include needs for belonging, for acceptance by others. Also under this heading is the need both to care for someone else and to be cared for. Should an employee's social needs be severely thwarted, he is apt to become uncooperative, re-





Prof. Tagiuri draws a blackboard of opinions on human behavior from a single episode in a case.

sistant and antagonistic. This could throw a wrench into your business plans.

Ego needs come next in the hierarchy. They have to do with how you see yourself. They are of two types. First are those relating to one's self-esteem, such as needs for knowledge, self-confidence, competence, independence and achievement.

Second are those relating to one's reputation, such as needs for respect, status, power, recognition.

A person usually devises an "ego-ideal" which is beyond hope of actual attainment. Behavior directed toward this ideal provides them with partial satisfaction of their so-called ego needs.

The capstone of the hierarchy includes needs for fully realizing one's own potentialities, for continued self-development and for being creative.

There are criss-cross connections between various needs, methods of satisfying needs and rewards received. For example, a strong need for security could

impel you both to work hard and to gain new knowledge which in turn could lead to money, titles and the sense of a job well done.

A good manager will make a careful search for what seems to satisfy the needs of the persons working around him, you are reminded as the course progresses.

The rating of needs indicates that if there are plenty of jobs, and wages are good, and positions are secure, more—not less—attention must be paid to meeting other needs of workers, needs ordinarily considered window dressing.

Again, when jobs are shaky and working conditions physically bad, you cannot compensate by just giving a subordinate a new title.

Most discussions of motivation neglect people's need for some tension. It is incorrect to assume that people seek a state of total tranquillity. If all tension and stimulation are removed a person becomes disorganized. Studies in which persons have been deprived of stimulation to their senses bear this out. Thus, some stimulation and tension make a man more comfortable.

## The value of values

Prof. Tagiuri now leaves consideration of what drives the organism and concentrates on its "steering" system.

People, he points out, build up value systems, in terms of which they reduce the number of decisions they must make each day.

During the same week that you, the AMP, examine what part values play in human behavior, you discuss in another class the role of values in forming business policy. Such interlocking of topics is done frequently in Harvard's program.

Prof. Tagiuri emphasizes that values are concepts of the things you want among available alternatives. A man acquires values early in life as a result of what he learns from those who rear him. He modifies these values as a result of his individuality and the times.

There are ways of examining a person's values. One is a questionnaire based on work by the philosopher Edward Spranger, who proposed that men can be classified into six types, depending on their values:

1. The theoretical man, whose main interest is in ideas and in the search for "truth."
2. The economic man, whose dominant interest is whatever is useful and practical, but not necessarily money.
3. The esthetic man, who is characteristically interested in harmony and form, what's artistic.
4. The social man, whose highest value is love and help for others.
5. The political man, who is mainly interested in power, influence and recognition and in coordinating other men's efforts.
6. The religious man, whose chief concern is in com-





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## PATTERN

*continued*

prehending the meaning of life, the unity of the cosmos and the after-life.

You fill out this questionnaire in which you are asked to make choices in hypothetical situations. Your selections are an indication of your values. Individual variations among the AMPs are huge.

### How we see others

You walk down the portrait-lined corridor of Aldrich Hall, past knots of intense, young master's degree candidates in business suits, to Room 112, a tiered classroom designed to hold all 160 of your fellow AMPs and a score of guests. There Prof. Tagiuri shows slides of a recent study in which he compares the values of business executives, research managers and scientists in industry.

The AMPs, who represent top-echelon executives, tend, on the average, to be oriented most strongly in the economic, political and theoretical categories.

"This throws an interesting light on the executive, who is seen here as a bit of a theoretician, while we suspect he likes to think of himself as a man of action," Prof. Tagiuri comments.

Scientists are especially high on theoretical values. Managers of scientific personnel, as expected, show values that fall between those of business executives and of scientists, the two groups whose efforts they mediate.

This leads your AMP group to discuss the problem of managing scientists, of meeting the need to nurture creativeness while surviving and making a profit.

A "syndicate" group of AMPs who manage scientists reports that most managers of scientists these days come from scientific groups. The syndicate recommends that more of them be picked from people with wider interests and then trained in scientific matters.

"You must get a man whom the scientists themselves respect," advises one AMP, the manager of the plastics department of a large chemical firm. "Scientists don't have much respect for many engineers and probably even less respect for MBAs (persons holding master of business administration degrees)."

It is at this point that you take up the case of Helson, the American manager in the Middle-East whose values conflict so much with those



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**MUTUAL BENEFIT LIFE**

THE MUTUAL BENEFIT LIFE INSURANCE COMPANY NEWARK, NEW JERSEY SINCE 1845

## PATTERN

*continued*

of his native employee, Ben. The Advanced Management Program includes many cases from overseas, because of the large number of foreign AMPs and the increasing importance of global commerce to all businessmen.

### The management of change

The emphasis now shifts to the problem of introducing changes in an organization. You study the Rose Co. case.

The Rose Co.—which isn't the firm's real name—has always run its many plants without general managers. Each department head in a plant reports to his functional counterpart among the vice presidents at the home office. For example, the purchasing agent of a particular plant reports directly to the vice president of purchases.

The company's president wants to erect a new installation, which will use wholly new production methods. In addition he wants James Pierce, an accounting executive in the controller's department at the home office, to become general manager of the new plant. All department heads in the new plant are to be under Pierce although some are to retain some access to vice presidents. Pierce himself is to be placed directly under the senior vice president.

Although a short case, it evokes a long and lively discussion at a table of AMPs dining with wine and candlelight in elegant Kresge Hall. What, they wonder, should Pierce be thinking about as he prepares to take on the job?

There is much talk of possible resentment among Rose department heads, who will lose their direct links with the home office V.P.'s, and of the likelihood that the V.P.'s will refrain from interfering with Pierce's work.

"Does this Pierce have the proper background for this new assignment?" asks an AMP who is a manufacturing manager. "You can change things around if the parts are interchangeable, but only the military and diplomatic services seem to have nice arrangements for switching around people like this."

"It might work better than you think," suggests an English scientist-turned-executive, "because there will be the 'guinea pig' stimulation in people at this wholly new plant."

Other comments:

"Pierce is involved in a danger-



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## PATTERN

*continued*

ous triangle. He is responsible only to the senior vice president, yet he must work with the other vice presidents on functional levels."

"He has a lot of other problems, too. He has a whole new set of people to work with. He must move to a new location, uproot his family."

"On the other hand, this is a test of Pierce's managerial ability. If he can be successful here, he will certainly rate as an exceptionally good man."

### The source of boredom

All people like change of a certain kind, Prof. Tagiuri points out in class the next day. Once a person has achieved a comfortable level of equilibrium in his situation, he feels he has some spare energy and has a desire to do something new. If he doesn't get the chance, he may become bored.

But almost everybody views major changes with apprehension and usu-

---

What killed urban renewal?

How voters of a U. S. city defeated a federal project is discussed in an article beginning on **page 38.**

---

ally resists them. Pierce has to introduce a major change and this is not an easy task. It potentially involves changes in the technology, power and friendship balance that each person has tediously built up.

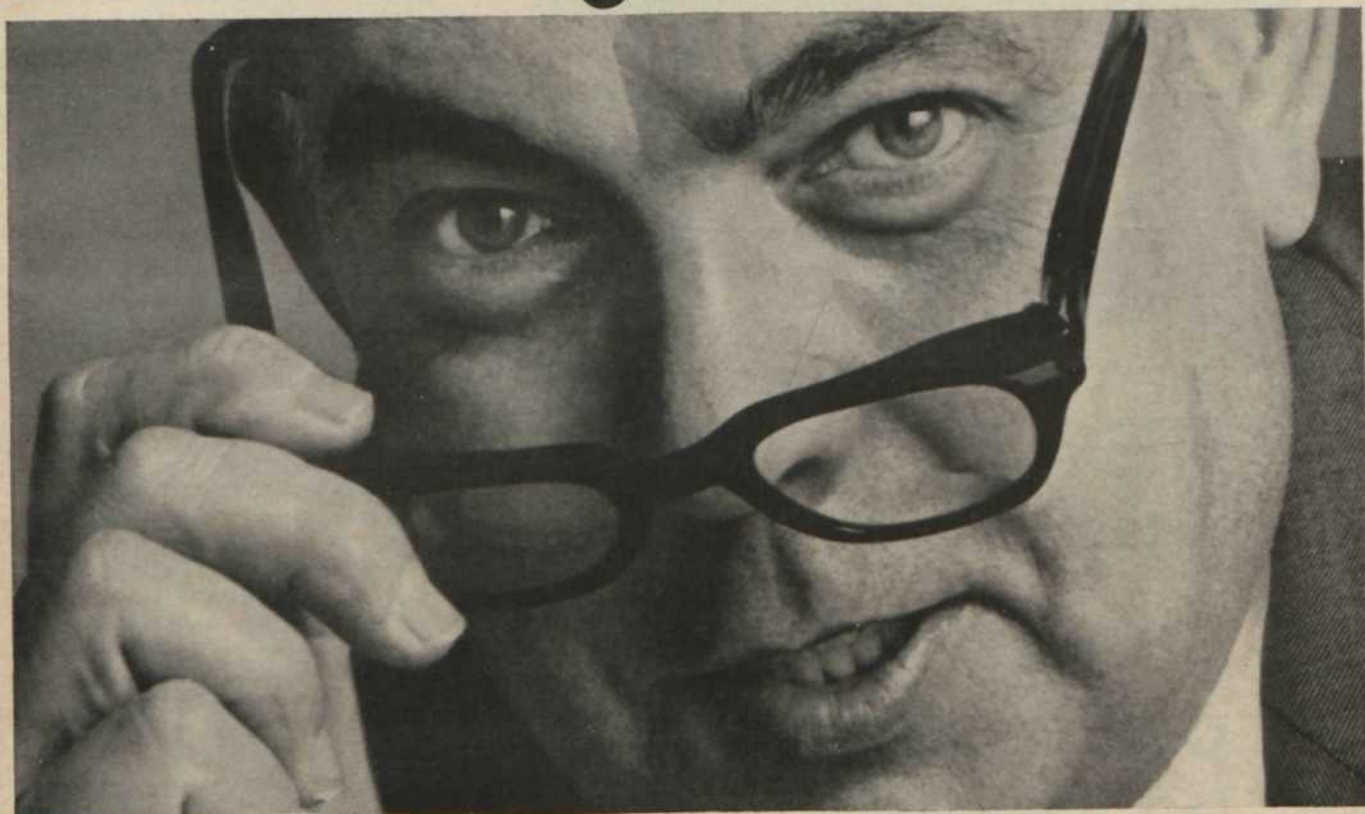
You might find resistance to change even when the change will make life easier for the person resisting it. When you promote a man, for example, you may cause enough change in the web he has painfully built that he may resist being promoted.

How do you minimize resistance to change? How do you persuade people that there are other better ways of looking at a problem and of acting, other than the ways they have known in the past?

There are no simple rules here, as is constantly made clear by Prof. Tagiuri and his colleagues. But the first step toward good management of change is an understanding of what change implies for people. Such analysis will suggest ways of



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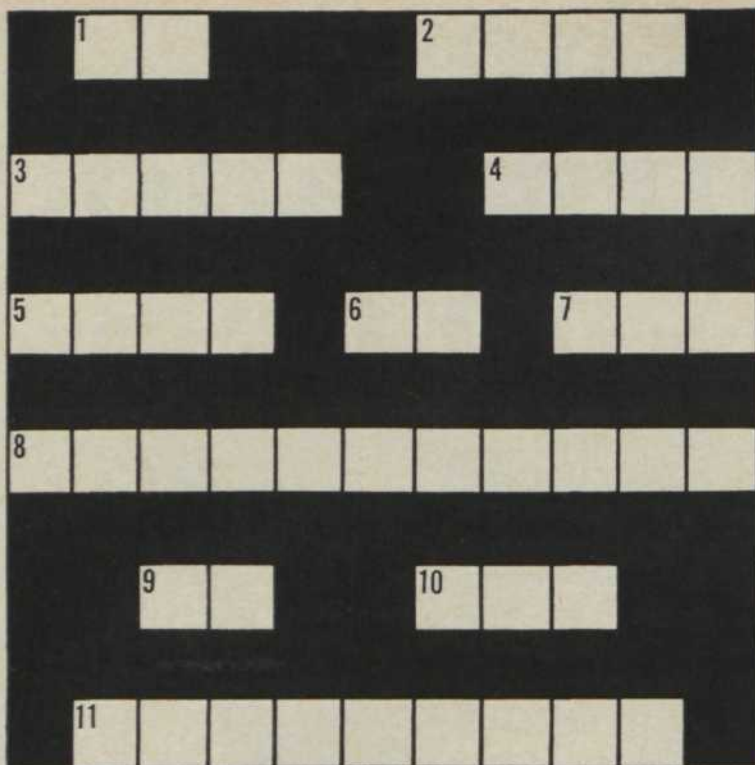
For Example:	Buses Daily:	Running Time:	20 Lbs.	30 Lbs.	40 Lbs.*
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\*Other low rates up to 100 lbs.



One of a series of messages depicting another growing service of The Greyhound Corporation.





**ACROSS:**

- |                         |                        |                     |
|-------------------------|------------------------|---------------------|
| 1. A plural pronoun     | 6. Upon                | of specific borders |
| 2. To get possession of | 7. Sum of 95, 155, 100 | 10. Article         |
| 3. A growing vegetable  | 8. Secondary social    | 11. Land area once  |
| 4. Location             | structure of humans    | held by England's   |
| 5. Information          | 9. Within the confines | Lord Proprietors    |

## Solve this puzzle and you'll no longer be puzzled about plant sites in the Carolinas.

If you don't particularly like to work word puzzles, don't bother with the one above. A letter or telephone call will bring you all the right words on plant sites in 350 communities in the Carolinas. Confidentially, of course. (North Carolina: James R. Hinkle, Mgr., Area Dev. Dept., Raleigh; 919/828-8211. South Carolina: Phone W. V. Coley, Area Dev. Dept., Florence; area code 803/662-3264.)

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CAROLINA POWER AND LIGHT COMPANY

ANSWER: We have plant site data on 350 communities in the Carolinas

## PATTERN

*continued*

introducing change so it is not too abrupt, of reducing the perceived or imagined and often exaggerated extent of change.

Your move may be acceptable if it is seen as a natural advancement in the way things have always been done.

Preparing people for change, having them participate in the plans for change, letting the people affected by the move know why it is being made, are helpful elements in managing change.

The "Let's start afresh" approach may be a big mistake.

### And so, to leadership

Finally, you take up general problems of leadership.

People want freedom, you're reminded, but they also want positive leadership. Intelligent policies, procedures and leadership can actually give a man greater freedom at work rather than less. He is freed from constantly having to make decisions about routine matters and has a clear sense of the boundaries within which he can be creative.

In the past, men looked to the church, to the state or to a nobleman for guidance. Today, Prof. Tagiuri contends, you, the business manager, have replaced the bishop and the prince in bearing some of the burden of the responsibility for other men. You are among the new leaders.

There are many ways and styles of being an effective leader, Prof. Tagiuri says, and one of the tasks of the manager is to appreciate the alternatives and to adopt those that suit his own temperament, the people who work for him, the task and the situation.

"What is your true reward?" Prof. Tagiuri asks. "What will you want to be able to say of yourself when you retire? Will it be that you have so run your life that you have helped others experience a sense of purpose in this world?"

"If so, you will be pleased with your own life."

[Next month: Strategy for Higher Sales]

REPRINTS of "Pattern for Success -2" may be obtained for 35 cents a copy, \$16 per 100, or \$135 per thousand postpaid from Nation's Business, 1615 H St., N. W., Washington, D. C. 20006. Please enclose remittance with order.



# Sentry's pride and joy is insuring 'small' businesses like Mike Albarelli's...

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Mike is president of the Amloid Corporation in Saddle Brook, N. J. He and his partner Joe Barberia manufacture a variety of plastic toys.

Amloid is a "small" business. Smaller than DuPont, that is. The insurance problems Mike has, you have, all small businesses have. Problems that are duck soup for Sentry. How come?

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True, Sentry sells all kinds of insurance: fire, life, auto, all kinds. But we think we have a real edge when it comes to knowing what's what with small business.

Example?

Take Amloid. Started in 1916 by Joe Barberia's father. Simple celluloid sheet business. In 1946 in came Mike. Instituted injection molding. Started to make toys. Now: 100,000 square feet of plant space. 170 employees. Distributes all over the U.S. and growing every day. One reason: no "scraggly" edges on the toys.



Mike's a holy terror on getting things right. And things weren't right with his insurance! But he couldn't put his finger on what was wrong.

In came Sentry.

Our safety engineers made 38 recommendations. Nothing expensive. Things like painting guide lines for hand trucks in the aisles. Getting all volatile fluids stored in one vault. Easy.

Result: last year Mike saved \$1,304.38 on his insurance. Maybe any other insurance company could have done this for Mike.

Point is: they didn't. Sentry did. And can probably do it for you.

We'd like to do it for industrial giants like DuPont, too. But right now we'll have to beg off. DuPont's a wonderful company. But DuPont is a giant. Take a lot of good people to do everything that would need doing. And even though we handle \$135,000,000 a year now we just wouldn't have enough good people to handle Mike Albarelli. And you. And DuPont. And handle 'em right! Like Mike, we also make a point of doing things right.

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pity  
we have to skip DuPont.





**NEW PREMIER** of Saskatchewan, W. Ross Thatcher, tells why his province's future will depend on private enterprise.

# Where socialism failed close to home

How a Canadian province tested, then rejected, broad welfare state planning





PHOTOS: HARRY ROWED-BLACK STAR

**NEW INDUSTRY**, such as this refinery being constructed by Alwinal Potash, has been attracted by change in outlook.

*While the welfare state and the planned economy are being touted here and around the world, North America's most drastic experience with them has proved a failure. Here is a firsthand report on the 20-year test of out-and-out socialism in Saskatchewan, Canada, and why it had to end. Its rise and fall are traced by Associate Editor Theodore Drury after his tour of the province, discussions with government and business leaders and analysis of the economic effects when government calls all the shots. He also reports how the province's new free enterprise government is reviving business.*

"THERE'S ONLY ONE THING wrong with socialism—it just doesn't work."

Bitter experience with the North American continent's single socialist government prompts this conclusion from Premier W. Ross Thatcher of Saskatchewan. His political party ousted the socialists last year after their 20-year reign in the Canadian province.

"Twenty years of socialism gave my province industrial stagnation, retarded development, oppressive

taxation and major depopulation," says Mr. Thatcher, a short, solidly built dynamo of a man with thinning hair. "I think there is a rather horrible lesson to be learned from Saskatchewan's experiences.

"If there are any Americans who think that socialism is the answer, I wish they would come here and study what has happened."

What did happen during Saskatchewan's experiment with socialism? What ills did the welfare state bring to this western province?

To start with, 19 government-owned corporations were set up in an attempt to implement the socialist theme of state ownership of the means of production. About half of them went bankrupt or were disposed of. The remainder continued operating in the red, bailed out each year by the government at taxpayers' expense, or returned a profit by virtue of their monopolistic power.

Industrial development in the province lagged at a time when the rest of Canada and the United States were experiencing a tremendous economic boom. Outside investors channeled their funds elsewhere, and many industries by-passed Saskatchewan to locate in



## SOCIALISM FAILED

*continued*

other parts of Canada. Several hundred thousand residents moved away to seek jobs and opportunities in other provinces.

Taxes needed to finance welfare programs proliferated and rose to the point where the per capita rate was one of the highest in Canada.

Finally, in April of 1964, Saskatchewan's voters decided they had seen enough and gave Mr. Thatcher's party—the Liberal Party—a majority in their parliamentary legislature. Since that time, Mr. Thatcher and his administration have been making a vigorous effort to refurbish the province's image and attract new industry and investment to Saskatchewan.

This forceful reversal of government policy has begun to show striking results. G. W. Cameron, Deputy Minister of Industry and Commerce, says:

"There has been just about as much investment announced in major projects over the past couple of years as there has been in the history of the province."

As a result of this influx of new capital, Mr. Thatcher points out, Saskatchewan faces an acute labor shortage this year.

Stretching northward from its boundary shared with Montana and North Dakota, Saskatchewan is nearly as big as Texas and has a population about the size of Maine's. It is a prairie province and wheat is its main product. The flat plains around its capital city of Regina in the south resemble a giant but erratic checkerboard, where green rectangles of grain alternate with the brown of fallow farm land. In the north the prairies give way to timberland, dotted with lakes. A wealth of mineral deposits lies under the land, and these reserves now hold the key to Saskatchewan's industrial development.

"The Saskatchewan Liberal Party campaigned on a straight program of private enterprise," Mr. Thatcher told NATION'S BUSINESS in his high-ceilinged office in Regina. "We made no extravagant social welfare promises. Instead, we committed ourselves to reduced government spending, reduced taxes and an incentive program for industry."

"Because we know socialism at first hand, we are determined that our administration and policies will be based on the principles of private enterprise and sound business."

Our province can prosper only if industry is permitted to make reasonable profits and to keep a fair share of those profits for expansion. Private enterprise has been a dirty word in Saskatchewan for too long."

### How socialists got in

How did the socialists first gain office in Saskatchewan and what led to their downfall?

Their party, called the Cooperative Commonwealth Federation (CCF), was founded in Canada in 1932, primarily as a labor party. At its first national convention, held the following year in Regina, the CCF adopted a manifesto which stated:

"We aim to replace the present capitalist system, with its inherent injustice and inhumanity, by a social order from which the domination and exploitation of one class by another will be eliminated. . . ." It described its goal as "a planned and socialized economy in which our natural resources and the principal means of production and distribution are owned, controlled and operated by the people."

The manifesto closed with this declaration: "No CCF government will rest content until it has eradicated capitalism and put into operation the full program of socialized planning. . . ."

The world depression of the 1930's was made even grimmer in Saskatchewan by a serious drought which led to crop failures in eight successive years. At one time, nearly two thirds of the population were on direct relief.

The government and the economic system were blamed by many, and the promises of the CCF took on a strong appeal—an end to unemployment, new jobs in government-built factories, free medical and health services, financial security for the farmer. In 1944 a depressed and disheartened Saskatchewan voted the CCF into power.

With a former preacher named Thomas C. Douglas as its premier, the new administration set out to put its theories into practice. During the next several years 19 government-owned businesses—called crown corporations—were set up to run segments of the economy. An act was passed by the CCF-dominated legislature which gave the provincial government power to expropriate any industrial or commercial enterprise without the consent of the owners.

A Trade Union Act was passed

which provided, in effect, that labor-management contracts were not binding on either party. No matter what the termination date of the contract either party could reopen negotiations on any part of it, and unions could strike over provisions already agreed to in the contract. The Act gave government employees the right to bargain and strike. A Labor Relations Board was established and the government given authority to take over any company which failed to comply with a Board order.

### Unions on the throne

The general manager of a large plant in the province recalls:

"Labor policy was a strong deterrent to new investment and industry under the socialist government. I'm sure that many companies took a careful look at the situation and decided to settle elsewhere."

"The people who administered the Trade Union Act gave the impression that they were very pro-union and anti-company. An employer had to lean over backward to avoid getting involved in a violation of the Act."

Though the CCF government used its power of expropriation only once, many Saskatchewan businessmen felt like Damocles beneath the sword suspended by a single hair.

Development of the province's rich mineral deposits has become an increasingly important part of the economic picture, and it was here that the socialist government's policies did the most damage. For Saskatchewan is largely dependent upon outside capital in this area, and the threat of expropriation, added to the CCF's other restrictive policies, frightened away investors.

"The CCF's relations with the oil industry showed clearly its inability to understand the free market in investment capital," says Herbert C. Pinder, a vigorous Saskatoon businessman who was part owner of a Saskatchewan oil firm in the 1950's and also served for a year in Premier Thatcher's cabinet. "In the oil industry there is a choice of where to explore, and the companies preferred to put their money elsewhere. The CCF wanted to encourage investment but didn't seem to realize that its actions actually discouraged it."

Though oil company officials are reluctant to discuss their feelings about the CCF, in 1962 the Saskatchewan Division of the Canadian



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## SOCIALISM FAILED

*continued*

Petroleum Association, which represents 125 companies in the oil industry, told the socialist government that its policies were affecting exploration incentives.

"For example, the restrictive policy in regard to disposition of natural gas has been a definite deterrent to aggressive exploration in the gas-prone areas of the province," the Petroleum Association pointed out.

It added that "certain provincial policies which serve to increase the operating cost of the industry in Saskatchewan assume real significance in the eyes of the industry." These factors included high workmen's compensation rates, expensive fringe benefits and increased tax levies.

### Government corporations in the red

In the meantime, a number of the crown corporations were faring badly. Members of the CCF government lacked business experience, and this fact was reflected in the operation of the corporations.

A leather tannery and a shoe factory were closed down after several years of operating at a loss. A housing corporation established to convert military huts into rental units and a woolen mill also were forced out of business by heavy losses.

The CCF set up a Fish Board and built a number of fish processing plants. Every commercial fisherman in a defined area was required to sell his fish to the Board. Even so, the Board piled up a deficit of about \$400,000 and was closed down in 1949. A Fish Marketing Service replaced it and did little better. A government lumber mill built in 1951 reported a deficit of more than \$94,000 within a year and a half.

A run-down brick plant was purchased by the CCF and, despite the fact that most government departments were required to buy from it for new construction, has regularly operated at a loss. The Liberal government inherited the plant from the CCF and is currently trying to sell it.

In crown corporations which were given monopolistic powers the CCF inevitably enjoyed greater success. A printing company accumulated a profit over the years, thanks to the fact that it was supplied by the government with all the work it could handle at non-competitive prices.

A Fur Marketing Board did well as long as trappers were forced by law to sell their skins through it. Unrest among the trappers grew so strong in the mid-1950's, however, that the government permitted open markets. The Board's profits then dropped sharply.

The Timber Board has proven to be a larger money-maker. The CCF required producers to sell their timber to the Board at relatively low prices and the Board then resold it in Canadian and U. S. markets. The Board operated both as a wholesaler and a retailer, undercutting private lumber retailers.

Still another industry—the Saskatchewan Government Insurance Office—enjoyed substantial growth after it was established by the CCF in 1945. It was aided, however, by the requirement that all schools, hospitals, health units, orphanages, sanatoria and other institutions receiving government grants purchase their insurance from it. Automobile owners were required to buy basic coverage from it. In addition, the CCF instituted the practice of using it to insure government buildings which had not been insured by previous administrations because they were fireproof.

In 1949 the government bought the Saskatchewan Guarantee and Fidelity Co., which had been privately owned for 40 years. Owners of commercial trucks and public service vehicles, electrical and gas contractors and electrical supply houses were compelled to buy guarantee bonds from it. The Liberals recently sold this company to private operators, ending its monopoly.

The Saskatchewan Transportation Co. was organized to provide bus service within the province, taking over a number of routes from private operators. Despite its monopolistic position, it has not returned a large profit.

Early this year the Liberal government sold Saskair—a bush airline set up by the CCF to provide transportation and a fire fighting service in the north—to a group of private operators. The line had been a money-loser. A government-owned sodium sulphate plant, sitting on rich reserves, has made good profits.

### Stifling by bureaucracy

The two largest monopolies owned now by the government are Saskatchewan Government Telephones and the Saskatchewan Power Corp., which supplies electricity and gas. These corporations were established



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## SOCIALISM FAILED

*continued*

by earlier governments, the telephone company in 1908 and the power company in 1928.

An insight into the business management philosophy of the CCF is offered by David B. Furlong, a former businessman brought in early this year by the Liberals as general manager of the power company. He was president of an oil producer-owned pipeline company before agreeing to take over management of the SPC.

Mr. Furlong explains:

"I found that in the SPC it was management by committee and by policy and procedure, which tended to stifle initiative. It operated solidly and safely in the bread-and-butter job of providing normal service to its customers, but it didn't operate as a private company would in offering new service to new types of industry.

"A new potash company may be a million-dollar customer—something you love and cherish. The CCF, though, regarded a big company as something you fight with. They couldn't see how a big customer benefits the smaller ones by forcing construction of larger transmission lines and better standards of supply."

Tamping his pipe, Mr. Furlong continues: "The biggest change for me was the prevalent idea that the SPC isn't in business to make a profit. When there is no profit motive, the intangibles of outside pressures take on more importance in decision-making."

### Why the experiment failed

What factors brought the socialist experiment in Saskatchewan to an end? One was certainly a growing disillusionment with the ability of the CCF to cope with the problems of the province. Ross Thatcher himself had been a member of the CCF until he broke with the party in 1955.

"I graduated from college in 1936 and came home to Saskatchewan to find hundreds of thousands of people on relief," he says. He joined the CCF and, while operating a small chain of family hardware stores, served three terms in the Canadian House of Commons as a CCF member.

He left the party after "watching those crown corporations gradually going broke. I realized that socialism wasn't working. I also found myself fighting with the left-

wing CCF theorists in Parliament." Friends say that in those days Mr. Thatcher was a thorn in the CCF's side, continually asking how the party intended to pay for the welfare programs it proposed.

Businessmen also became exasperated with the CCF. One Saskatchewan executive describes it:

"The CCF government was highly maternalistic. They tried to give you the impression that they wanted to mother you, but it was the kind of motherhood that gets you in a strangle hold. Businessmen prefer a government which will lay out regulations and then leave them alone to operate. The CCF was constantly meddling in corporate affairs, even down to trying to tell you how to conduct plant safety courses.

"There was just no real communication or understanding between businessmen and CCF officials—they had a completely different point of view."

Robert A. Kramer, board chairman of Kramer Tractor Co. of Regina and a director of several Canadian banks and corporations, told NATION'S BUSINESS:

"The average intelligent voter realized that you just can't keep giving money away and putting everybody to work for the government—you reach a point of imbalance between the number of government employees and the number of taxpayers.

"The voters also realized that Saskatchewan wasn't being developed at the same rate as the rest of the North American continent."

Mr. Kramer, a meticulously dressed man whose energy has led him into diverse enterprises, helped organize a group of businessmen to work for the defeat of the CCF.

Ironically, one of the socialists' principal welfare programs had a role in their downfall. In 1947 the CCF inaugurated Canada's first government hospitalization program and required Saskatchewan residents to pay a hospital insurance tax. Then in 1962 it followed this with a medicare program and provoked a 22-day strike by doctors in the province, who feared that they would end up as salaried employees of the government.

When it became evident that many doctors might leave Saskatchewan, irate citizens banded together and marched on the capitol building in Regina. The CCF backed down and modified the program to placate the doctors. The province now has medicare, but the socialists' attempt to disre-

gard the doctors' interests awakened many people to their high-handed tactics. Groups formed to protest the original medicare plan went on to work against the CCF in the 1964 election.

How do the socialists assess their own defeat? Woodrow S. Lloyd, current leader of the Saskatchewan CCF and its last premier, told NATION'S BUSINESS:

"I believe that after 20 years some people just felt it was time for a change. The Liberals emphasized the idea that they could bring more industry into Saskatchewan and lower taxes. Apparently many people thought this worth a try."

A bespectacled man of scholarly mien, Mr. Lloyd was once a school principal. He became premier in 1961 after 16 years as the CCF's minister of education.

"I don't see the election as a repudiation of our policies," Mr. Lloyd says. Asked why the CCF did not attempt a more sweeping socialization of industry, as stated in the party's Regina manifesto, he explains:

"To us, socialism meant public ownership of those enterprises which were best operated by the public in order to expand the economy and to serve the population. Our concept was one of a mixed economy—we emphasized public ownership where it could be of use to the community and also tried to get private development."

He admits that "several of the crown corporations were not conspicuous financial successes."

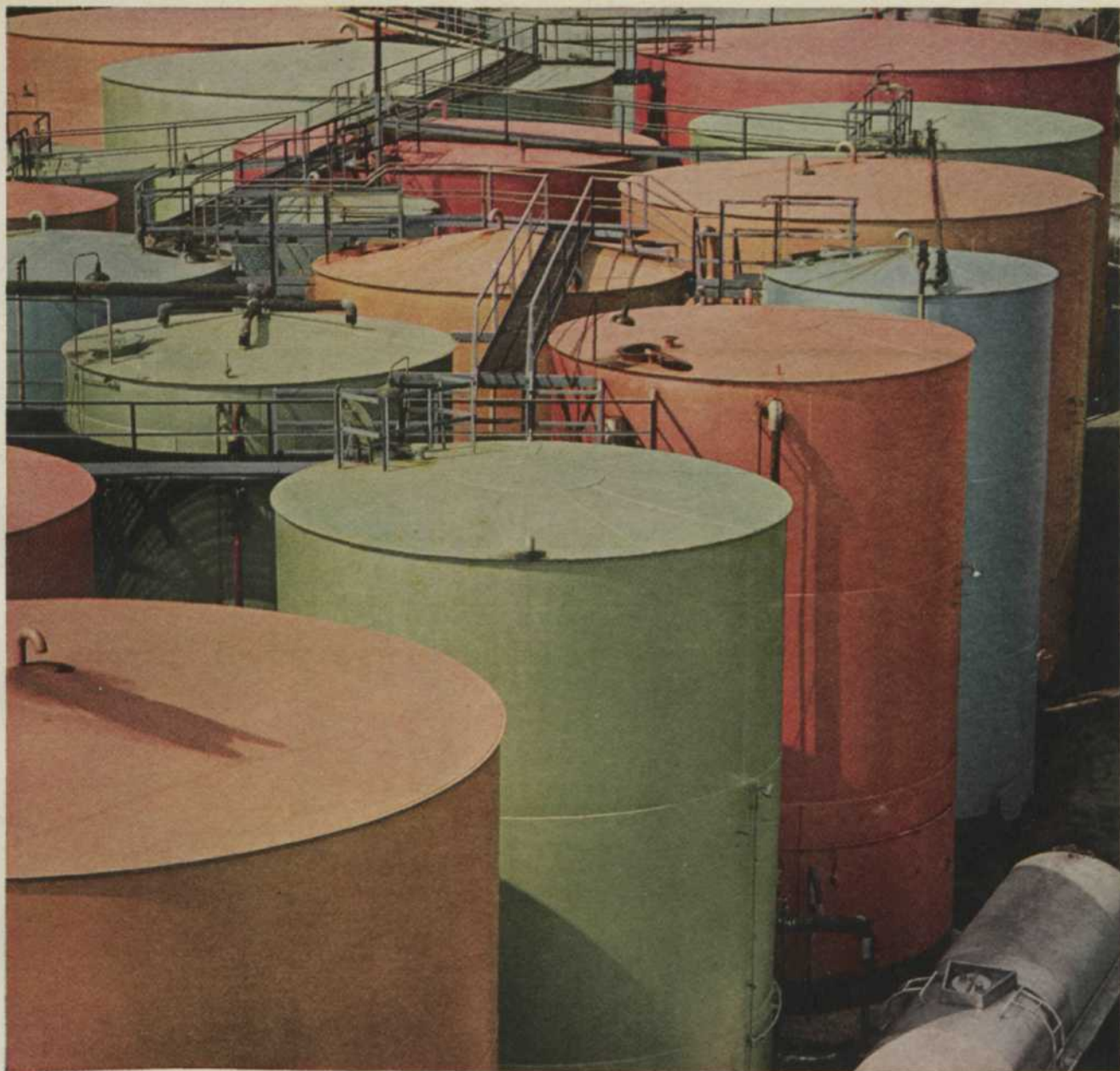
Long-time political observers point out that the CCF's somewhat modified concept of socialism, in which private investment was to be encouraged, became more evident after several of the crown corporations failed and the party nearly lost an election in 1948.

Premier Thatcher and his liberal government are now launched on an all-out drive to boost Saskatchewan's industrial expansion by bringing in new investment. Half of his cabinet ministers are businessmen themselves and their approach is a practical, tough-minded one.

An advisory committee is at work on proposals to rewrite the Trade Union Act in an effort to stabilize labor-management relations. Gas producers are no longer required to sell their product only to the government power company, and incentive programs have been established to encourage oil and mining exploration.

The Liberals are cutting taxes by \$12 million by reducing or elimi-





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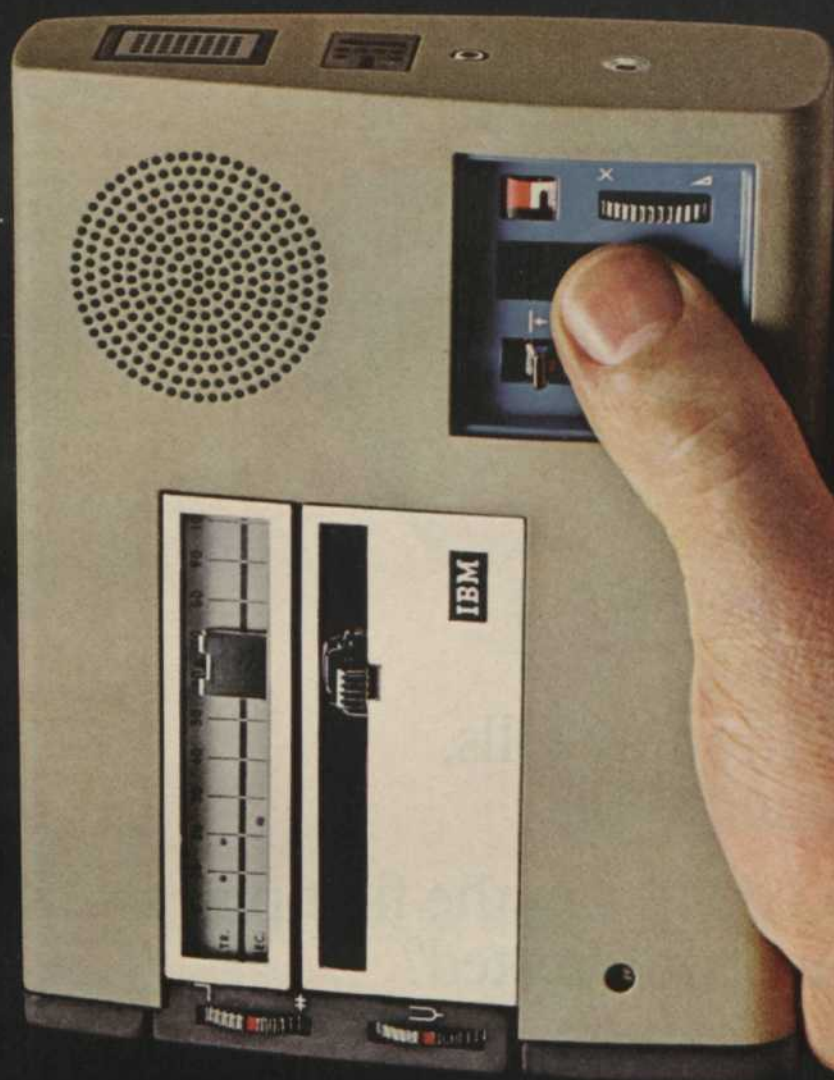
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## SOCIALISM FAILED

continued

nating 43 existing levies. Monopolies exercised by those government corporations still in existence have been largely ended.

These policies are paying off in attracting new industry to the province.

As one example, the potash industry in recent years has begun mining an enormous deposit in Saskatchewan, which contains nearly half of the world's known reserves. Three plants were started before the election and are now in production. But five more, with an investment of about \$50 million each, have been announced by other companies since Mr. Thatcher took over.

Even in the year the Liberals took over, 1964, new construction in primary industries rose to \$90 million from \$66 million in 1963. And much of the new investment announced since the election has not yet shown up in the statistical charts.

"We now have 55 major mining companies doing extensive exploration in the north," Mr. Cameron says. "Eight was the highest number we ever had under the socialists."

In 1963 only \$225,000 was spent by mining companies on development in Saskatchewan. This year they will spend more than \$7 million.

In 1963 oil companies drilled 997 wells. This year they will drill about 1,800.

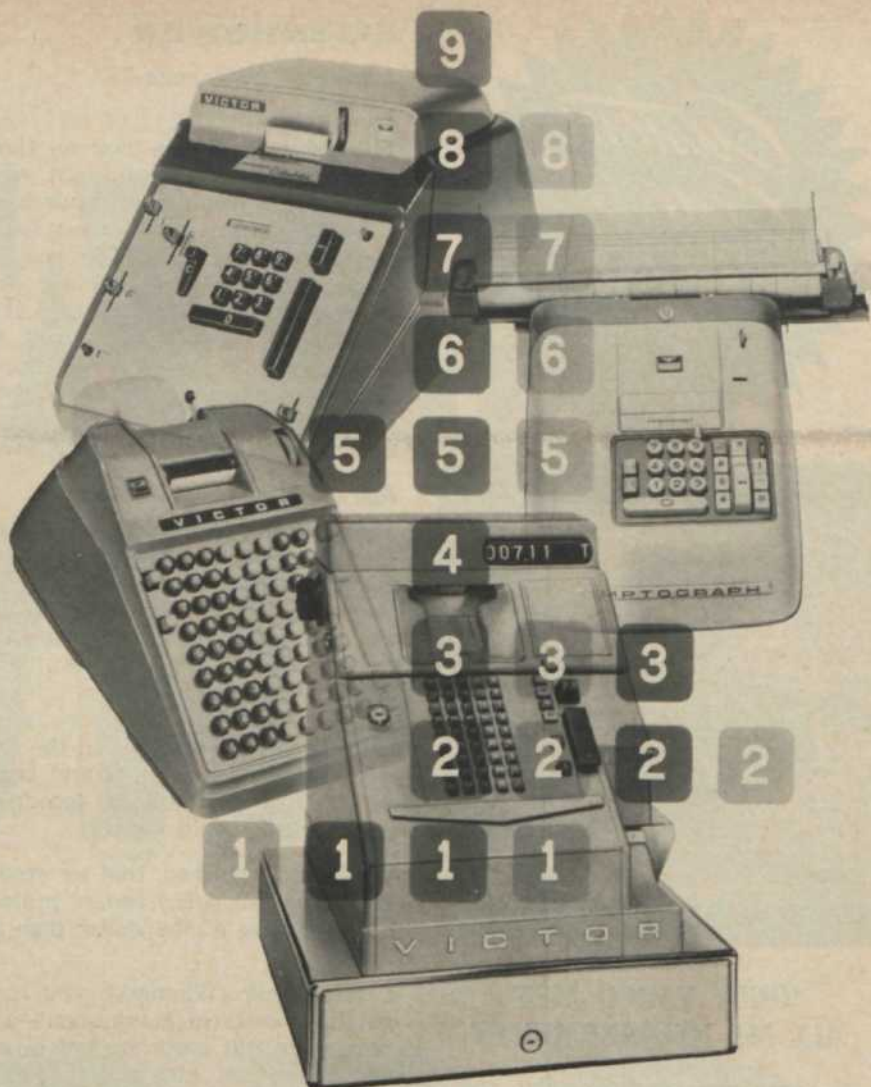
Liberals still face the task of slowing the growth of government. Cost of the hospitalization program has skyrocketed from \$7 million to over \$55 million in a 17-year period in which population grew by less than 10 per cent.

"Our great problem is to see that the welfare state doesn't spread—it's a creeping sort of thing," says David G. Steuart, the diminutive Deputy Premier and Minister of Public Health. "Our policy now is to resist the trend toward bigger and bigger government. We will examine carefully all proposals that would get the government farther into our daily lives."

"Welfare programs are like gaining weight. It's easy to put it on but awful hard to take it off."

Looking back over the accomplishments of the past year, Premier Thatcher sums up the view of his government:

"We think our 'experiment in private enterprise' is working." **END**



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## EISENHOWER

*continued from page 37*

but the second you took all those controls off, you found out what your dollar would really purchase.

What we have to watch out for in coming years is some very real inflation. Certainly, unless our productivity grows continuously at a rate that is exceptionally rapid, we are bound to have—with the supply of money becoming more and more excessive—we are bound to have inflation.

### And the unbalanced budget?

Well, I think an unbalanced budget also hurts us a bit abroad. While we now have this imbalance of payments, a lot of countries still believe we are capable of paying our debts. Therefore, they have faith in the dollar. This is an international faith that is distinguished from our domestic faith in the dollar. If others lose faith and begin to cash their dollars, goodness knows what would happen.

Would you say, then, that we need a more guarded policy toward protecting the value of the dollar than we have?

I think this: Whenever you have got high costs of government—and remember, our costs are not all reflected in just our administrative budget alone, there are trust funds and so on—cash expenditures are on the order of \$120 billion—we should take up the domestic problems in cautious steps insofar as new government programs are concerned. If we initiate a vast number of programs that make the expenses go up and up, outside of our great defense costs, then we are asking for trouble.

In other words, federal government activities have proliferated out of proportion to our real needs?

That's right. That's exactly what I mean.

General, do you feel that the American people, the people at large, really want a paternalistic government?

No, I think if you put it in those terms they would say "no." But everybody who gets something out of it, well, he says, "Everybody should be curtailed except me."

For example, when I was President I once went down before several thousand representatives of the rural electric cooperatives. And I told them, "Look, the job for which you were set up was not

only a necessary one, the idea was a good one, and you were given money at two per cent. Out of the Treasury you borrowed this money at two per cent."

By that time, 95 per cent or more of the farms in the United States had been electrified. I told them: "Today you ought to be ashamed of yourselves to take money from the federal government at two per cent that we have to pay four and a quarter for. This just doesn't make sense."

Well, they listened, and they were polite. I got polite applause because I came down to see them and because of my office. But the next day, an opposing political figure got up and suggested that if anyone came into their areas to propose that they should lose their two per cent money they ought to drive him out of the region with beer bottles.

Now this is the kind of thing that to my mind makes no sense. And the REA today needs two per cent money just about like a dog needs a new flea. I don't see how anyone can defend it except as a way to keep some votes on his side.

General, in your forthcoming book, "The White House Years: Waging Peace," at several points you mentioned the farm economy of this country.

Yes.

Do you think we can ever get the American farm economy back on a free-market basis?

Well, of course, I took as my purpose, in my eight years as President, not to do anything so abruptly that farmers would be ruined. But I found this from men experienced in this thing: The big farmer, the fellow who went into commercial farming on a big basis, was getting rich under our farm policies. I knew at least one such farmer intimately. And he told me what he had done and how he made himself a few million dollars.

But the little farmer, for whom all these things are presumably established, has been helped very little. He doesn't sell very much. What is the use of his going and selling a few hundred bushels of wheat or a few bushels of corn?

He consumes many of the things he grows on his farm. And then, he sells a few head of livestock that are fed from it. And there is very little that the program does for this fellow; he has to secure an additional part-time job.

What we tried to do was this: To get policies that would work grad-



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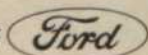
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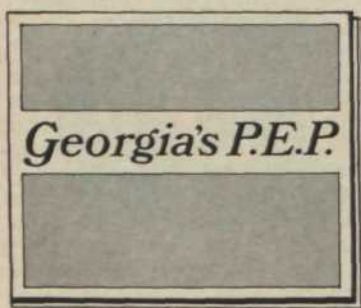
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## EISENHOWER

*continued*

ually to get the government out of these programs except on the basis of insurance against great disaster, because we found that the big commercial farms were profitable and the little fellow profited little.

As long as the little farm is no longer profitable except when run on a part-time or a garden basis, as in New Jersey, well, then, if we try to keep that kind of program going forever just by federal handouts, then we are indeed foolish.

We have to bring farming back gradually to dependence upon a free market. If we don't, we will have an unbalanced economy, because we don't need that many men producing food and fiber today for us. If we insist on keeping them there just on subsidy, I think we are being foolish.

We have gotten so used to the idea that when you get into trouble economically, either by class or by area, you just run to the government and get a new law.

I would say that the more we can reduce federal subsidies and use them only where we have national human problems that can't be solved completely locally, the better off we'll be. We have gone overboard with subsidies.

**General, do you feel that businessmen can help to re-educate people to the economic realities you have discussed here? To the realization of the choices Americans must make to keep our freedoms?**

Of course. But, the businessman, when he sees everything booming, often says, "Maybe we should just let things alone."

Remember this: No longer are as many businesses owned by a family or is there as much ownership management. We have a professional managerial class now that is in a position of great influence for a short time.

Therefore, instead of looking down the road at what is going to happen to business, they tend to take the short view, maybe looking at when they can cash their stock options and all the rest of it. They are more interested in the short term than they are in the long term.

We have talked about human nature. It seems that most of us prefer a bird in the hand rather than several in the bush.

Are we not more interested in the present dollar, the one that is now given us, than we are in the

hope and the expectation and the planning of a better climate in the future to earn more dollars for the increased population we are bound to have?

Now, the businessman is less concerned about the future than if he and his family owned the business like they did before the times of the heavy death taxes and income taxes. It was then possible to pass businesses along pretty well.

Now, I believe in the graduated income tax. And I believe in reasonable death duties. But I do think that this has had a tendency to produce short-term rather than long-term ambitions.

**General, do you think it is feasible for some of the money-gathering and spending power of this country to be returned from Washington to the states and localities?**

I'd like to, but let me tell you of one instance when I was in the White House. I had worked on this idea and talked to the governors about it. We set up a plan under which we were going to give back one or two functions to the states, and had a particular tax we were going to give back to them.

Finally, a little group of governors came to me and said, "Look, Mr. President, this is a very fine idea; we will take it on, except for this: Don't reduce that tax. Just give it back to us in our proper share."

I said, "Why?"

They said, "We don't want the burden of going and asking for taxes from our own people."

You see, they found that if the federal government would give them the money, this was easy for them. This is another reason why we have this constant magnet of Washington drawing in, not only money, but responsibility. And, finally, authority.

**General, do you see your Administration—in retrospect—as just a brief respite in the march toward more federal involvement in people's lives?**

Well, I'll tell you, a "respite" is the way you'd have to look at it now. I desperately tried to do this: To give the United States a chance to think, to take a look and see that there were different economic and governmental philosophies. You see, no one denies that there are problems. But it is just irresponsible to take money, give it to Washington and say that solves that one.

When the time comes that we in the United States cease to think of the individual as the most impor-





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tant factor in our whole governmental system, then we are going down the road of one-party government and centralized government.

In my case, I said, "Look, let's read the Constitution," and I talked to my Cabinet very seriously on this, "It is going to take a lot of courage to avoid doing some of the things that have seemed so popular in the past. Let us try to get back to the proper division of powers, between the Legislature

and the President and all the rest. Let us get back and look at the patterns given us by the Constitution for dispersing power, first geographically through the states and functionally among the Judiciary, Legislative and the Executive."

I think a lot of things have been happening. We have got too many and too powerful regulatory commissions that really have judicial, executive and legislative powers. And I think it is bad unless they are properly controlled and made definitely responsible to the Congress and the President.

The effort of my Administration,

I should say, was to create an atmosphere of self-reliance and self-confidence among the people, to encourage them to make more of their decisions. I wanted localities and states to do more, so that we might halt the trend toward centralization that I thought to be unhealthy.

Of course, for six of my eight years in the presidency, Congress was controlled by the opposition. It was a difficult situation. I could do many things by persuasion because in certain fields there wasn't any great political advantage to be gained by the opposition. And so I had to use persuasion. It would have been crazy for me to get up and use the methods of a general running an army or a President with a large majority in the Congress.

But the fact is we continued to try to give individuals and localities larger responsibilities. In one thing for which I guess I was almost personally responsible—the highway construction program—it took me a long time to persuade Congress, but we finally got this great interstate system of roads. I felt strongly about the matter, partly because I had seen the great autobahns of Germany. But we had to settle for 90 per cent federal money and only 10 per cent of state funds. I thought that was really unfair. I thought that at the very least, it should have been 75-25. At first I wanted them to be paid for on a toll basis, but I was persuaded that tolls were impractical.

Finally, we got the money by a tax on gasoline, oil and so on. But I would really have preferred to have made them toll roads and, as they paid for themselves, abolished the tolls.

The highways are not paid for yet. Our plan was to get them built in ten years, paid in 13 years, because I was certain that by the time we got them built, we would need some more.

Incidentally, I think the building of those highway systems is one of the reasons for our great increase in automobile sales.

But in all these various activities, local responsibility usually provides the best solution. **END**

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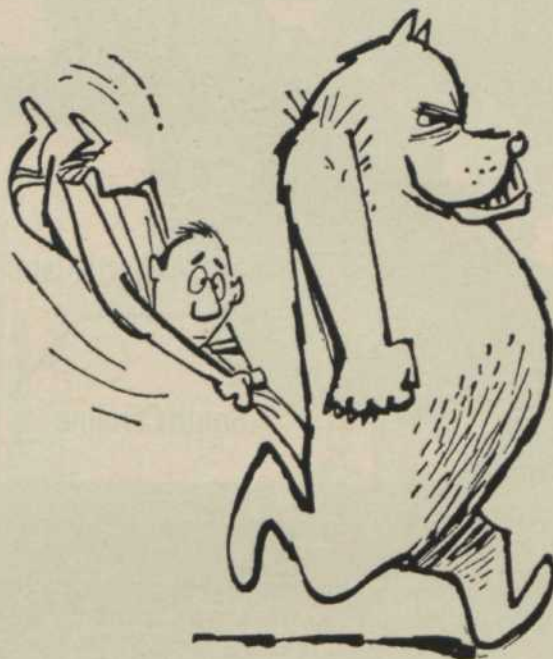
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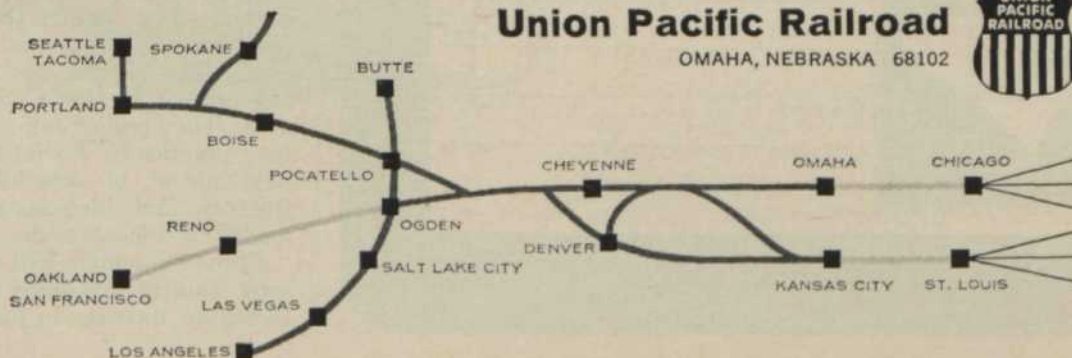
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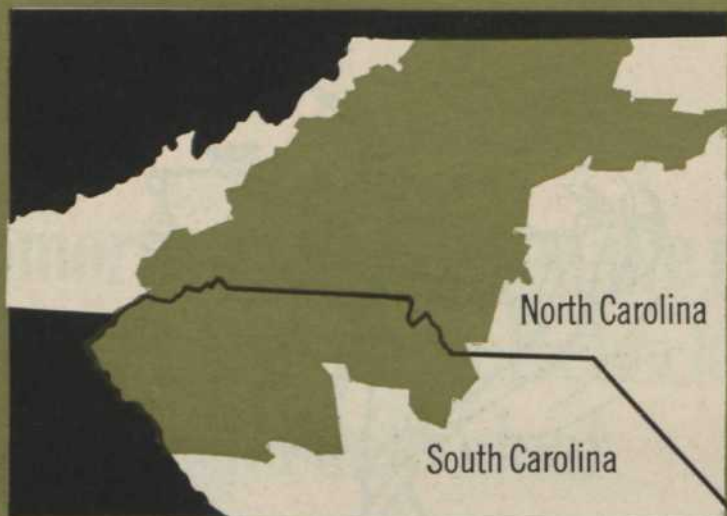
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E. H. Bailey, *President*  
Union Pacific Railroad  
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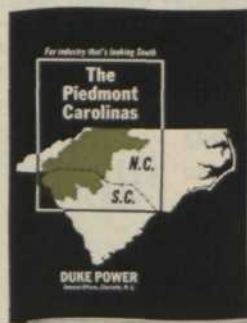
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## RED CHINA

continued from page 44

dous "face" gained through making an A-bomb virtually unaided. Asia is impressed; the West and Russia have had to reappraise China's status.

Raw material shortages should become less of a brake on industrial progress than in the recent past. A lot of quiet work has been going on in assessing mineral resources and getting them ready for exploitation. Prewar geological survey of the country was skeletal. It was estimated then that there were serious deficiencies in many minerals essential to a modern industrial state. This now seems doubtful.

Substantial untapped commercial reserves of petroleum, nonferrous metals (particularly copper) and phosphates have been located. Coal and iron production is rising. New mines are being brought into production. Quality is improving.

### Trade and aid up

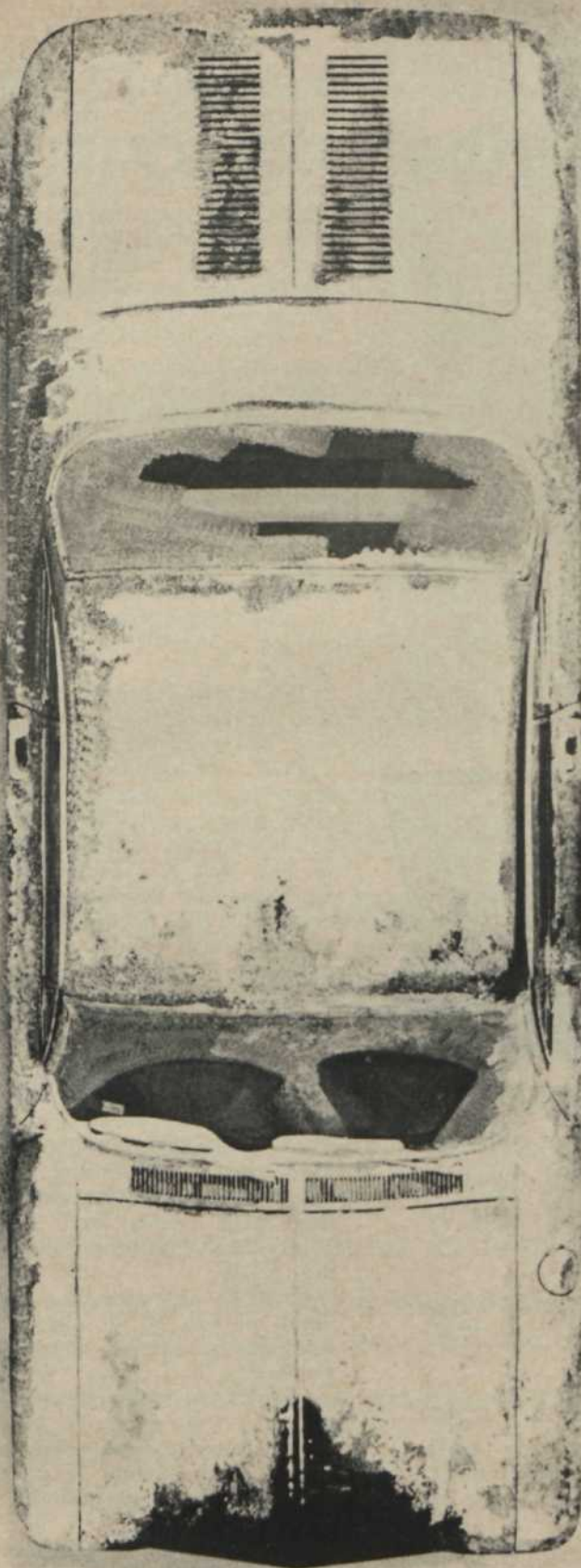
International trade—and aid—will loom larger in the coming plan than they did earlier since both play a major part in creating the Chinese image abroad and trade is essential to China's growth. In its best year China has never mustered even two per cent of world exports. But the interest that it arouses as a trader is out of all proportion to this meager total because the political flavor of its deals and the shortage of hard facts about its potential make it so unpredictable a customer.

Overnight, trade can swing dizzily for purely political reasons—from East to West, from Japan to Europe, from Malayan rubber to Indonesian rubber. But most deals and all day-to-day transactions are governed by strictly commercial factors. The state trading corporations are shrewd bargainers. Even so, once a contract is agreed upon, it is stuck to meticulously and the Chinese expect you to do the same.

Credit is asked, but on normal commercial terms, to cover imports of both food (when the amounts involved are large) and industrial plant. The Chinese are thoroughly old-fashioned about running into debt. They preach self-reliance and they practice it. Soviet aid was repaid ahead of schedule, though troubles and ideological quarrels made this difficult to do.

China's planners will have to do some skillful budgeting to achieve as big an increase in foreign trade





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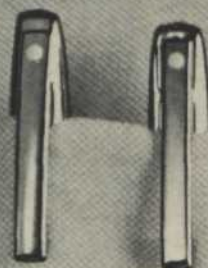
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## RED CHINA

*continued*

as they would like. There are no reserves of foreign exchange to fall back on. No survey, it seems, has uncovered any worthwhile gold or silver-bearing strata. Indeed, sales of silver have dwindled recently and, far from selling gold, the country this year has bought \$80 million worth in London—perhaps in hopes of a price increase but more likely as a hedge against sterling devaluation, since trade is mainly conducted in pounds.

The only supplement to trade surpluses—earned principally in Asia (outstandingly Hong Kong) and spent largely on industrial goods and wheat—is the remittance of some 20 million overseas Chinese. These fluctuate with the prosperity of the emigrant's adopted country from perhaps over \$100 million a year to under \$50 million.

Trade turnover has not recovered the volume of the late 1950's before bad harvests slashed export availabilities and led to huge food imports against hard currency. In 1964 it was probably around the \$3 billion mark, against \$4.3 billion in 1959 and \$2.7 billion in 1963. Last year two thirds was with the noncommunist world, which took 60 per cent of China's exports and provided 70 per cent of its imports. In 1959 the comparable percentages were nearer 30 and 40.

Western Europe and Japan were the principal gainers from this swing. Exports from Western Europe to China were worth about \$200 million in 1964 and imports were over \$250 million. Japan alone exported products worth more than \$150 million and imported nearly \$160 million worth of Chinese goods.

China is an unfamiliar and difficult market, but it needs plant, machinery, vehicles, scientific instruments and some producers' goods, in particular rolled ferrous and nonferrous products, fertilizers and man-made fibers. These needs will continue for some years, though they may dwindle as domestic output rises.

Plants bought in Western Europe and Japan and being currently delivered include: urea and other nitrogenous fertilizers (United Kingdom, Netherlands, Italy), plastics (UK), petroleum refining (Italy, Germany), vinylon (Japan), alcohol (France).

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FINAL

VOLUME XXVII—NO. 171 C

CHICAGO, ILL., TUESDAY, JULY 13, 1938

TUESDAY, JULY 13, 1938—26 PAGES

PRICE TWO CENTS

## CORRIGAN'S STORY OF FLIGHT

**MORGAN AT TVA  
QUIZ CLASHES  
WITH ENGINEER**

**Tells of Long Feud  
Over Policies.**

BY ARTHUR EVANS  
Special Tribune Staff Writer  
WASHINGTON, July 12.—The  
mildly skeptical Morgan  
was in the Tennessee Valley  
authority's hands today when  
he was asked to explain his  
disagreements with the  
engineers. Morgan, however,  
was not averse to a little  
quizzing after the TVA  
test.

**NEWS SUMMARY**  
of The Tribune  
For Monday,  
July 12, 1938

**CORRIGAN'S FLIGHT TO KING.**  
Flight engineer a royal  
flight instructor, Morgan  
was the only flying instructor  
in the world who had  
been a pilot for 10 years.  
Page 1

**QUEEN MARIE OF  
RUMANIA DIES  
IN HER 63D YEAR**

**Rare Malady Fatal;  
King at Bedside.**

Princess Marie of Rumania,  
queen of Rumania, died  
today at her bedside.  
The queen, who was  
63 years old, had been  
suffering from a rare  
malady for some time.  
The king, who was at  
her bedside, died today.  
Page 1

**THE LATEST SOLO CONQUEST OF THE ATLANTIC**  
Colton Young took flight in "Ancient Echo" across Atlantic without a permit.



New York policemen trying to stop Corrigan's flight because of lack of permit.



**NONE KNEW HIM  
SUNDAY; NOW ALL  
OFFER THEIR AID**

New York, July 12.—After a  
long battle, Corrigan's flight  
was finally allowed to  
proceed. The flight was  
allowed to proceed to  
Dublin.

**TELLS HOW HE  
FLEW TO DUBLIN  
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**'All a Mistake; Set  
Compass Wrong.'**

**CORRIGAN OF PICTURES**  
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pictures of Corrigan in his  
plane and pictures of his flight  
to Dublin.

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## RED CHINA

*continued*

would have been asked to supply this sort of thing. Now China has awakened to the fact that shopping around pays dividends price-wise and credit-wise.

### Where trade will hit hard

It is in the developing world that Chinese trade should have its greatest impact. Except perhaps for Japan, no industrialized country is going to find China one of its major trading partners in the foreseeable future.

But as a competitor in third countries China may take on very different proportions.

Just now it lacks the resources to upset world commodity markets as a buyer, even if it wanted to do so for political ends. It buys only the modest quantity of raw materials it needs to maintain industrial output, but within a generation it could become a factor to be reckoned with.

Consider what would happen if the Chinese developed a taste for cocoa or coffee and were allowed to satisfy it.

China's purchases can be politically oriented. There was no good economic reason for switching rubber purchases from Malaysia to Indonesia. Cotton buying may reinforce Chinese influence in some African countries. Wheat, copper and nitrate imports may help to gain a foothold in Latin America for Mao's men.

On the other side of the trade table, the danger is more obvious and more immediate. China must export and will have more things to sell than ever before. The volume of traditional agricultural exports (except possibly soybeans) appears ready to rise—the expanding silk industry, for example, is capturing Japan's market in Western Europe—and is likely to be augmented by offerings of processed foods, now going in bigger and bigger amounts to the Soviet bloc. Raw materials should earn more. Japanese industry, once skeptical of the quality of Chinese pig iron and coal and of the reliability of deliveries, is stepping up orders.

Western circles believe that, for the time being, China may have a surplus of petroleum to export. This seems ridiculous in a country of 700 million people with an output of crude oil of under 10 million tons in 1964, but home demand is minimal and newly opened

fields are proving rich producers. Similar temporary surpluses, springing from inevitably uneven development, are likely to hit world markets from time to time.

In manufactured goods the offensive will be on an ever wider front ranging from simple agricultural equipment through textile and some other machinery to virtually the whole range of consumer goods. Quality, design and packaging are improving all the time. Countries with infant industries may be tempted to raise tariff walls against Chinese produce but, if goods have to be imported, China can always arrange to be the cheapest source of supply. The trade drive in consumer goods is directed primarily at southeast Asia, followed by the Middle East and Africa. A natural basis for exchanges with Latin America, outside Cuba, seems to elude Chinese officials for the moment.

The reestablishment of China's leadership in Southeast Asia is also one of the objects of the aid policy. The program is small—it could not be anything else in present economic conditions—but the Chinese know how to get the maximum effect from the smallest outlay.

Chinese diplomats may from time to time stomp on uncommitted nations' corns through ignorance, bigotry and a desire to involve all governments in the East-West and Sino-Soviet conflicts. But the aid-givers walk delicately.

They capitalize on the fact that China is a nonwhite, underdeveloped country that has itself suffered colonialism. They study the recipient's needs and give aid that will affect as many people as possible.

They set up textile and other consumer goods factories, for example, and help with small-scale agricultural projects.

At the same time, they are opportunists of the first order and step in to forestall others, and to underwrite prestige projects that Western aid-givers avoid.

Though some economic aid to neighboring countries has a high strategic content, such as roadbuilding to Laos and Burma, military aid outside Viet Nam is showy rather than substantial.

Now that it's in the aid race China is there to stay, and its contributions will mount. Aid will become a more and more important weapon in its economic armory in the struggle for world power with both the United States and the Soviet Union.

END



“Dear Mr. Smith!  
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# HOW BUSINESSMEN CAN PLAY SMARTER GOLF

By Gene Sarazen



*Gene Sarazen, a legendary figure of golfdom, who won every major title, now spends most of his time golfing with business executives.*

*He won his first U. S. Open championship in 1922 when only 20 years of age. He won again 10 years later and now holds the record for playing in 31 consecutive Open championships.*

*Thirty years ago he was first to achieve the rare Grand Slam of professional golf—a feat only two others can claim, Ben Hogan and Gary Player. This comprises winning all four major professional golf titles—the Masters, U. S. and British Opens and Professional Golfer's Association, the last of which Mr. Sarazen has won three times.*

*A member of golf's Hall of Fame and six Ryder Cup teams, Mr. Sarazen received the Walter Hagen Trophy this year for his contributions to Anglo-American golf relations.*

*Mr. Sarazen understands businessmen. He's seen their golf. He is eminently qualified to tell you how you can improve your game.*

DUFFER or tournament player, you can make golf more enjoyable and less frustrating—as too many businessmen find it—by learning and practicing a few simple rules.

Perhaps more important, playing the right kind of golf in the right way can become useful in your business, improve your health and prolong your life. It has done so for many mature executives I know.

Most businessmen want to play better golf, but not enough of them really try. I've found this out from the many I play with around the country. The first thing they look for after we tee off are tips on how they can correct a slice or some other fault, or pick up something new.

Sure, they ask me about the professional Grand Slam and many championships I've won over the past 45 years, my intense rivalry with the great Walter Hagen during the Golden Twenties, and the foreign golf courses on which we televise Shell's Wonderful World of Golf matches, which I narrate.

But what they really want to know is how to play better. It's not hard, if you try.

Three general but practical rules for improving your golf are to:

- ▶ Keep physically fit and practice regularly and intelligently.
- ▶ Learn as much as you can with professional help and by watching good players.
- ▶ Know your limitations, relax and use your head.

## Keeping fit

The first rule for keeping fit is to watch your weight, as I do. The average businessman I know tends to eat too much and be overweight. On a day when you are going to play golf, avoid eating heavily just before you tee off. If you're playing in the afternoon, eat a good breakfast, but a very light lunch—and put off any drinking until you reach the 19th hole.

Another: Keep your muscles in condition. If you're strictly a week-end golfer, as most business-





men are, swing a weighted club 40 or 50 times and practice some chipping in the backyard every few days during the week.

I use a training club that I designed and you can get—a 22-ounce driver—and have several around my 300-acre farm in Germantown, N. Y. By swinging a heavy club like this regularly you will improve the rhythm of your swing as well as strengthen your hands and arm muscles. The hands are the key point of a golf swing.

I take the heavy driver with me when I travel and swing it in my motel room a few times before going out to play.

Swinging the club during the winter, too, when you're not playing golf will help keep your hands and joints in shape. Bending, twisting and other light exercises keep your muscles fit and your waistline trim.

When spring comes, have your pro check you out, and I'm sure the first thing he'll look at is how you hold the club. Ninety per cent of the mistakes in a golf swing originate from a faulty grip.

I don't care how good your swing may look. If your hands aren't right, you won't get dependable results. Give me just one look at your grip and I can tell you how well—or poorly—you play.

There are three basic grips. If you have small hands, the interlocking grip, which Jack Nicklaus and I use, may suit you best. The little finger of the right hand interlocks with the index finger of the left hand.

I copied this grip from my first idol, the great Francis Ouimet, now a Boston business executive. He electrified the golf world and introduced the game to the masses when, just out of the caddy ranks, he became the first American to win the U. S. Open in 1913.

If you have weak hands, you might get best results with all 10 fingers on the shaft. This is sometimes called the baseball grip. It's popular with women. Art Wall and Bob Rosburg use it among the pros.

The most common and probably the best grip, because it brings the hands closer together, is the overlapping, or Vardon grip. The little finger of the right hand overlaps (instead of interlocking) the index finger of the left hand.

But even when you use the proper form of grip, only an expert can tell you whether your hands are positioned properly when you swing.

Speaking of experts, every foursome seems to have one. Be careful of taking advice from an amateur, even a good one, or trying to give it. My advice to all businessmen golfers: Don't give technical advice to other golfers, particularly if it is unsolicited. It can ruin the day, and maybe a friendship, if it doesn't work.

#### **Value of practice**

The practice tee is the place to correct your faults and try new ideas—not on the golf course while you're trying to score or win a bet or match.

Practice regularly, but intelligently. Most businessmen who do practice don't do it the right way.

For one thing, they usually practice with the wrong club. Look at the golfers on any practice tee



or public range, and what are they hitting with? The driver. Most businessmen want to blame their driver for bad scores. Of all the clubs in the bag, I'd say the driver usually is the least at fault. If you'll just check sometime, you'll probably find that it's the two or three strokes you wasted around the green that ran your score up.

You should concentrate on practicing your short game—approach shots, chipping, putting and getting out of traps. Those are the stroke-saving shots.

When you practice putting, practice the three and four-footers. Lay off those 40 and 50-foot putts. If you have confidence in holing the four-footers, you won't have much trouble with long putts because all you'll have to do is get them up within four feet. That will come easy.

Practice intelligently. Hit the balls with a specific objective in mind—toward a specific object and with the intention of hitting the ball high or low, fade or straight, or in some other specific way. Try to know what you are doing, why, and what results you can expect.

#### **How to warm up**

Like the relief pitcher in the bullpen or the pinch-hitter who swings two bats before stepping up to the plate, you'll find it pays to warm up before you start playing. Even if you only have time to hit a few chip shots or putts, just making contact with the ball or taking some practice swings with two clubs helps.

However, it's better to allow enough time to warm up properly. When you do, start on the practice tee with the short irons and work up to the driver. Then hit some putts and you should be all set.

Don't try new things when you're warming up. Warming up is flexing and loosening the muscles. Don't warm up so long that you get tired and leave your game on the practice tee. As we say, "If you didn't bring your game with you, you're not going to find it just before you play."

One more tip on warming up: Hit some particular



## PLAY SMARTER GOLF

*continued*

shots that you know you're going to need out on the course. For example, if you know what irons you're going to hit on the par-three holes, practice a few shots with them, teeing the ball up on the practice tee just as you will when you reach those holes.

Incidentally, some players make the mistake of not teeing the ball up when they drive with an iron club on a short hole. This increases the possibility for error. Teeing up, even when using an iron, increases your chances of getting good results. A good thing to remember anywhere on a golf course: Utilize every advantage that you are entitled to.

### Ways to keep learning

As in most things, no matter how long you've been playing golf or how much you know, you can always learn more.

The first and best way to learn is with the help of a golf professional. But other ways can be helpful, too.

In my younger days we learned by watching and imitating good players. That's still a good idea. Watch the good players at your club, at the tournaments and on television. But don't just watch the ball, as most people do.

Concentrate on watching the good player's hands—his grip and his hand action when he comes into the ball.

Watch his feet and legs, how he uses them to get more power. Watch his arms, how he makes the big arc for the tee shot and keeps his left arm straight. Watch how he keeps his wrists firm until well into the backswing, doesn't unlock them until he gets into the hitting zone—then whips the clubhead through the ball with a complete and high follow through.

Note the player's stance. Is it open, closed or square, and how far apart are his feet?

These are the important things to watch—if you want to improve your game—and don't be too impressed solely by the ball in flight.

Reading some of the many instruction articles and books helps, but they can be confusing and sometimes are contradictory. You'll have to use good judgment; find out what suits you and reject what doesn't. Again, your club pro can help here.

### Putt quickly

I have a reputation for putting quick. Some say: "Miss 'em quick." That's not true. The quick putters usually are the better ones. They just don't spend more time than is absolutely necessary on a putt. Taking too much time just builds up pressure, and that's bad on putts. Staying too long over the ball builds up tension and can cause you to freeze. You've probably read about the trouble Ben Hogan is having—freezing.

There are many styles of putting that can be effective. Assuming that you have an effective style that suits you, these tips might help:

Feel confident that you are going to make the putt,

and strike the ball sharply. Don't push or drag it. Distance is more important than direction, so pay particular attention to the speed of the green and how hard you should hit the ball.

On all but the short putts, lag the ball up to the hole. Then you have three chances of dropping it, from the front and the two sides. If you're bold, the ball can only drop from the front, and even then might bounce out if you're too strong.

On the very long putts, don't try to hole them. Think of getting down in two by lagging the ball up close—and you'll be surprised how many will drop. The green is the place to save strokes, not waste them by three-putting.

### Trouble shots

When you're in trouble, face it. Take the extra stroke and get out of it. Don't try to make up for a mistake by getting into more trouble and ruining your score. Hope that you can recover by getting down in one putt, once you do make the green.

This is another way practice can help—practicing trouble shots. Learn the correct way to play out of sand bunkers and practice it. An indispensable club for getting out of sand is the sand wedge.

The wedge is a variation of the sand iron I designed almost 35 years ago by adding solder to the back of a niblick.

I was taking flying lessons at that time. I noticed that when I pulled the stick, the tail would lower and the plane would take off. It occurred to me that if I put a tail on a niblick, I could get the ball up and out of sand easier. I tried it and it worked.

I didn't tell anyone about my discovery. I took the club with me to the British Open in 1932 and kept it hidden.

When I showed during the first few holes of the tournament that the club invariably could get me out of the sand and close enough to the hole to get down in one putt, everybody began talking about it.

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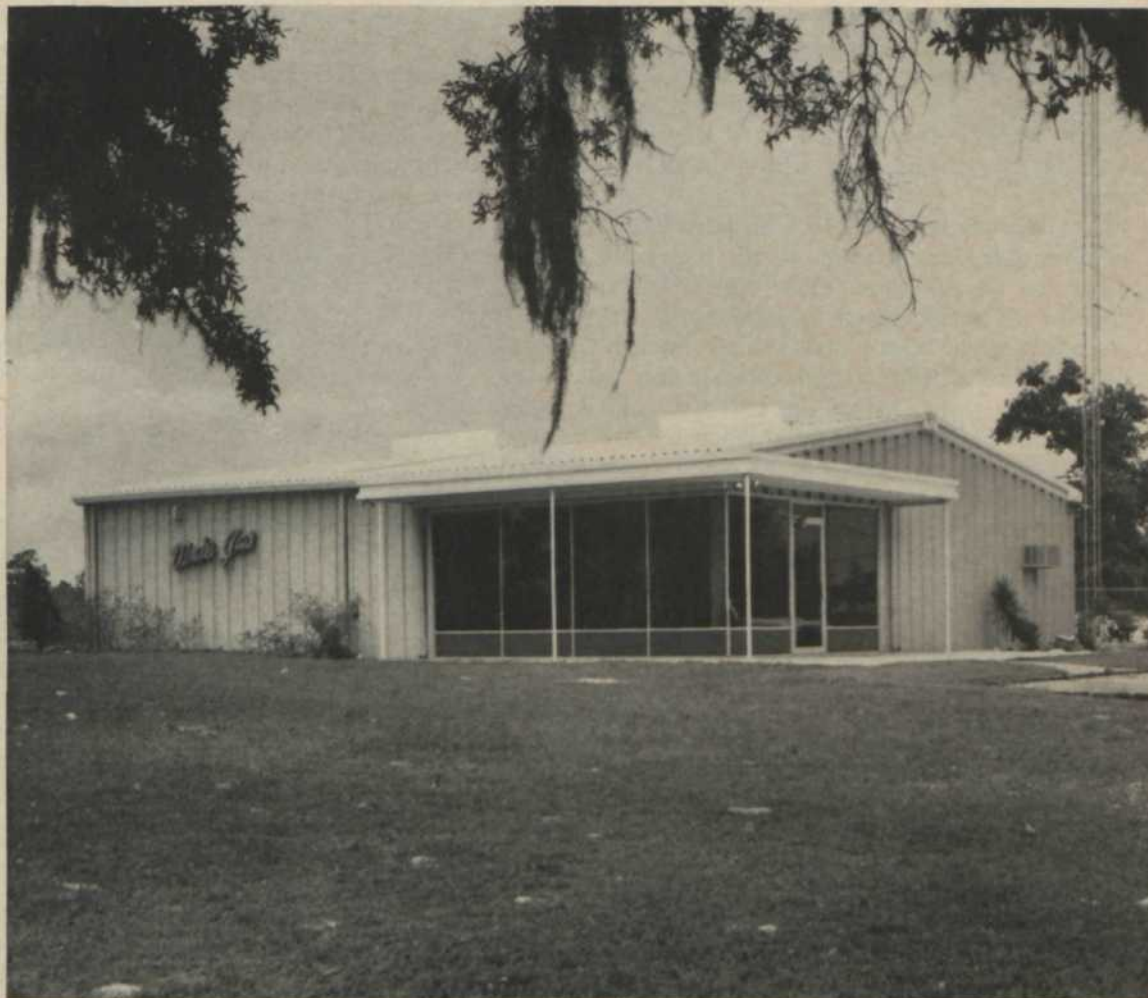
STATE

ZIP

TELEPHONE NUMBER

## ARMCO Metal Products Division

Dixie Gas Company,  
Goldenrod, Florida.  
Armco Building  
Dealer: Williams  
Development Co.  
of Orlando, Inc.,  
Orlando, Florida.





## PLAY SMARTER GOLF

*continued*

asked each other. "By Jove, he can get down in two from any trap."

I won that championship easily, by five strokes, and all the pros began putting solder on the back of their niblicks and manufacturers started putting out sand irons by the thousands.

### Proper equipment

Like having the best tools to work with in business, it helps your golf to have proper equipment. This doesn't mean you have to have the most expensive clubs and bag, but the clubs should be fitted to your requirements. Balls also come in different compressions and should suit your game.

Besides personal tastes, the most important factors in a golf club are the swingweight and the flexibility of the shaft.

Swingweight relates to the distribution of the club's total weight between the head and the shaft and affects how the club will feel when you swing it. It usually ranges from D1 to D5 for men and C4 to C7 for women. The faster your swing, the lighter swingweight you'll want.

The steel shafts come in varying flexes, from very stiff to whippy. What shaft will suit you best will depend primarily on your age, strength, build, and how fast you swing. Usually older and weaker players need a more flexible shaft.

You should have your pro fit you for clubs just as you are fitted for shoes and clothes.

Balls today are made with different compression factors, which refers to how hard they are or how much they will compress when struck at a given speed.

The hard-hitting pros like Arnold Palmer, Jack Nicklaus and Gary Player use the high-compression ball rated at 100-plus. The club head must be traveling at terrific speed to compress it. The average businessmen can't strike hard enough to get effective results from a high-compression ball. My swing hasn't the speed of the old days and it feels like I'm hitting a piece of wood when I strike a hard ball. I use the average ball of 85-90 compression, which is probably best for you.

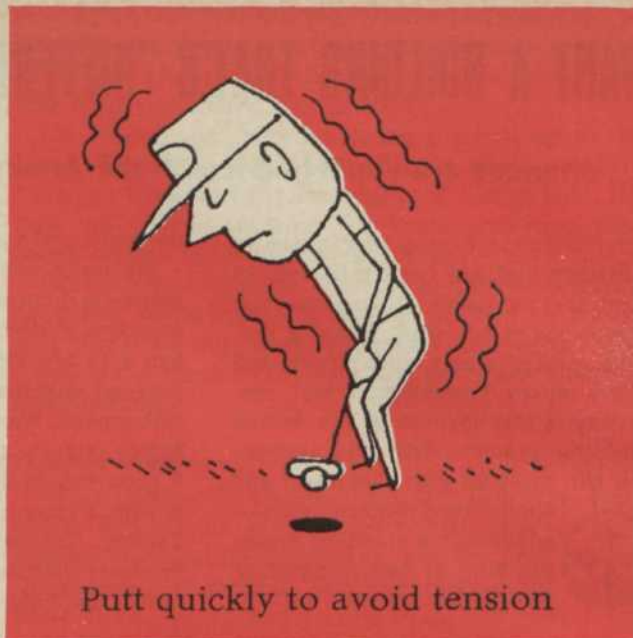
There also are low-compression balls designed especially for senior golfers and women.

Remember this: You won't get more distance off the tee by using a hard ball. If it's not suited to your strength, you'll get less distance than you will from a softer ball.

### Coping with pressure

Ability to cope with pressure separates the men from the boys on the pro tour and at any golf club. It can help your game, too. There are many ways to minimize the pressures, or tension. I've already mentioned not taking too much time on putts. Here are others:

Be confident. Think positively. Think of success.



When confronted with a difficult shot, recall when you pulled off a similar shot. Shut out any thoughts of failure, of the consequences of failing, such as what the three-foot putt will cost you if you miss it. If you play for money, don't bet more than you can afford to lose without worrying about it.

I witnessed an incident of negative thinking recently. A foreign player in one of our televised matches pulled off a difficult shot to the green for a possible birdie, then three-putted from 12 feet for a bogey.

"I just knew I was going to three-putt," he told me while walking to the next tee. "I knew it from the time I hit the ball to the green."

That's negative thinking. When you anticipate trouble, you'll usually find it.

Plenty of confidence is what made Walter Hagen such a great player. He won a record four straight championships of the Professional Golfers' Association from 1924-1927 after I had beaten him for the title in 1923 in an exciting extra-hole match.

A general tip for coping with pressure is to slow your pace when a crisis develops and tension begins to build up. Also try to follow your normal pattern or way of doing things.

### Concentrate

Keep your mind on what you are doing if you want to play better golf, and the first step is to leave your problems, your work and your business at the office. Don't take them to the golf course with you.

Play one stroke and one hole at a time. As the incomparable Bob Jones says, "Don't play the next hole while you're playing this one." In other words, keep your mind on the job at hand, not on what you plan to do later. Don't think about an easy birdie you might get on some hole ahead or you'll bogey the hole you're playing.

### Use your head

As I'm sure you do in your business, use your head on the golf course. Know your limitations and don't



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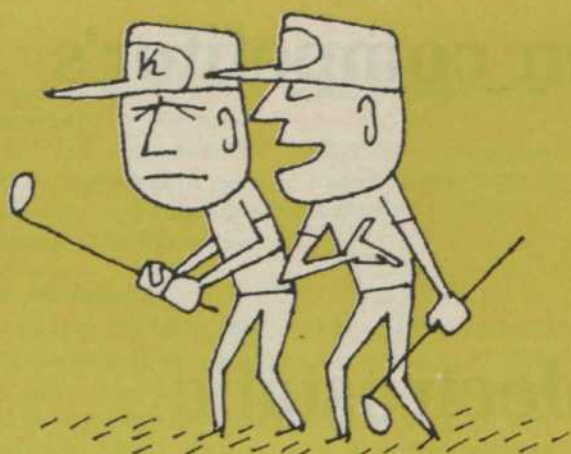


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**BRUNING**





Don't talk business while playing

## PLAY SMARTER GOLF

*continued*

try to pull off the impossible. They say that "Luck follows the brave," and it may be wise to gamble in a particular situation, but you must know what the odds are and whether the reward is worth the risk. More often than not it pays to play safe, and let your opponent make the mistakes.

Use your head by using the club you need to make the next shot. Don't take less club, say an iron instead of a wood, on a long par-three hole because of pride or because the others you're playing with are using irons.

What counts is the results you get, not what club you use.

It helps to know how far you hit the ball with each club, using a normal swing. An easy system is to know what club you should use when 150 yards from the green, because many courses have markers at that point. The average golfer might use a five or six-iron. Then, before you hit to a green, gauge the distance by figuring how far your ball is short or past the 150-yard marker and adding to or subtracting from 150. Normally, you should allow for one club difference for every 10 yards.

On any shot, of course, you must allow for wind, elevation or any other factor that will affect how far the ball will travel.

When you get into trouble, do what's necessary to get out of it. Don't compound your error and waste more strokes.

Keep alert for trouble ahead. Plan ahead as you do in your work. As soon as I step on the tee I look the hole over for any information that might be helpful—where the trouble is, the slope of the fairway, the best position for the tee shot, the approach to the green, and so on.

While you want to avoid slow play—the bane of golf today—don't rush or be overanxious to play a

shot. In my first Open championship at Inverness Club in Toledo, Ohio, Leo Diegel was in contention and playing behind me in the final round.

On the thirteenth hole I was on the fairway waiting to hit my second shot. Diegel, a high-strung individual, was so excited and anxious about the prospect of winning he couldn't wait for me to play before he teed off.

"I can't reach that kid," he told his playing companions, and proceeded to drive against better advice.

The result: He drove the ball into a ditch, and wound up with a six on the hole. It killed his chances. He tied for second, one stroke behind the winner, England's Ted Ray.

## Business golf

Playing golf can open up some opportunities—and if it's good golf, some advantages—in your business or work. When not properly used, however, it can hurt.

You can make and cultivate valuable business contacts belonging to a club and playing golf. You can also help yourself personally, if golf gives you an opportunity to play and relax with your boss or other executives.

Obviously I am partial to golf. It has been the biggest part of my life, given me many rewards for which I'm deeply grateful. And I am particularly partial to mixing golf with business.

Two businessmen who were ardent golfers gave me my first real start in golf when I was only 18 and an assistant pro at a club in Bridgeport, Conn. The assistant pro in those days swept the shop, and wasn't allowed to play.

Archie and Willie Wheeler, club members and twins who owned a sewing machine manufacturing business, took a liking to me. They encouraged me to enter golf tournaments and gave me expense money.

Today I spend most of my time playing with businessmen and advising the Wilson Sporting Goods Co., which makes clubs under my name, when I am not traveling around the world narrating matches for television.

From my experience there are two more suggestions I would make to the businessman who likes to play golf and uses it in his business:

One, keep an extra set of clubs and a duffel bag with golf clothes and shoes in your car or office in case you suddenly have to travel or get a last-minute invitation to play at a club other than your own. When you travel, you can get by with a smaller golf bag and fewer clubs, maybe 10 instead of 14.

Two, don't talk business with a customer on the golf course. Save business talk until the 19th hole or dinner.

A customer knows why you've invited him to play, and if you take his mind off his golf game you might lose a sale instead of making one. **END**

**REPRINTS** of "How Businessmen Can Play Smarter Golf" may be obtained for 30 cents a copy, \$14 per 100 or \$120 per 1,000 postpaid from Nation's Business, 1615 H St. N. W., Washington, D. C. 20006. Please enclose remittance with order.



# Executive Sued For \$750,000 In Libel Suit Here

A local West Side executive was informed yesterday of a libel suit being brought against him. The amount, three-quarters of a million dollars, is said to be the largest ever requested in a local suit.

Details about the suit were not immediately available, but it is said to be the result of a

## Injured Ten Years Ago, Woman Finally Collects \$117,000

*From News Dispatches*  
HONOLULU, T.H., Dec. 17  
—An unprecedented amount of accident award money was granted to a local woman today, ten years after the auto in which she was riding was hit by the sliding vehicle of a prominent industrialist.

## Jury Weighs MD's Fate In Malpractice Suit

## Are you protected? Are you sure?

If you are an executive or professional man, and your personal liability insurance was issued more than two years ago, read about the special coverage now offered you by Insurance Company of North America.

Reports from across the country show a disquieting trend seeping into liability suits today: yesterday's personal liability insurance coverage is no longer adequate for the executive or professional man of today.

### A new concept

Insurance Company of North America has developed a new concept in packaged personal coverage that's tailored just for today's high-liability trend. It is available now in two new policies: the INA-Executive policy and the INA-Professional policy.

Each starts where your regular liability protection stops.

It protects you and your immediate family against the catastrophic claims

that could wipe you out. Claims like bodily injury, damaged property, malpractice, false arrest, libel, slander, assault and battery, even mental anguish.

It defends you in court. It helps protect you against uninsured losses.

And it automatically increases the protection provided by other liability insurance programs you may have, such as that included in Homeowners, Automobile or similar policies.

### Yet the cost is low!

Amazingly low for the protection it affords. An executive, for example, can buy \$1,000,000 of this protection for as little as \$69 a year.

Incidentally, you pay proportionately less for increased limits—all the way up to \$5,000,000. Even up to \$10,000,000.

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If you think policies you already own offer one or more features like those mentioned above, ask your INA man to

review your entire insurance program. He can reduce costly overlaps and fill in any dangerous gaps with the insurance protection you need.

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**"We were looking for a short-haul diesel to cut our costs. GMC's Toro-Flow was it," says Michigan beverage distributor.**



Quite a few truckers around the country are breaking from tradition.

Diesels, it was once said, are no good for short mileage runs.

Bob Hart, of Taylor, Michigan, is one of those tradition-breakers.

How?

Let's put it this way. "Eleven trucks in our 36-truck fleet are GMC Toro-Flow diesels," Hart said. "We intend to make them all Toro-Flows as soon as possible."

#### **Meets short-haul needs.**

It would seem to many people in the trucking business that Hart, who's general manager of West Side Beverage in Taylor, had "flipped his lid."

Hart has different ideas. "We got the first five Toro-Flows that came off the

line last year," he said. "We've had 'em a year. And we wouldn't trade 'em for all the gas-powered jobs in the world."

Hart's company made a thorough analysis of Toro-Flow diesels before the order was placed. "We knew someone some day would come out with a short-mileage diesel that would really meet our needs head on," he explained. "It was just a question of time."

#### **25 stops a day—with a diesel?**

The Toro-Flow design, Hart went on, was the persuasive factor. He said GMC had come up with the way to, in effect, limit fuel consumption without limiting power.

"Fuel consumption is very important in our business," Hart said. "We're beer



distributors. Our trucks average only about 350 miles a week, some make as high as 25 stops a day.

"An ordinary diesel just couldn't handle a job like that. But Toro-Flow, as our records have proved, can."

#### Down with fuel consumption!

"Look at it like this," he continued. "With our old gas-powered fleet, we used to average about 4½ miles to a gallon. Our Toro-Flows are now getting between 9 and 11½, depending on the driver, of course. That's quite a significant difference."

Hart mentioned something else, too. "You can't measure this in dollars and cents," he smiled, "but our drivers love these trucks. They handle easy. The power's great. I know. I drove every one of them before they were put out on the street."

#### Driver training no problem.

Driver education was something else West Side Beverage considered. "You know," Hart pointed out, "it takes a pretty thorough program to get drivers ready to handle an ordinary diesel. Toro-Flow is different. One day and they're ready."

Of course, there were other points that swung Hart and his beer distributing business over to Toro-Flow.

#### Virtually maintenance free.

"Our maintenance records would soothe the heart of any cost accountant. Only preventive maintenance—the kind you give your own automobile—is all we've performed since these trucks first hit our warehouse. Our mechanics are all smiles."

The skeptics would still remark, however, "all this is fine, but how do you explain away the initial cost of a diesel fleet?"

Says Hart, "Sure, Toro-Flows cost more than a comparable gas-powered truck. But not as much as you might think. We paid an average of \$1,300 more per truck. An ordinary diesel would run you about \$3,500 more. And listen to this. Our projected figures tell us we'll get our money back in fuel savings alone in about two years. Now, you're not going to beat that."



#### We're out to make money.

Hart summed up his opinion of Toro-Flow: "We moved 2 million cases of beer last year in only a third of Wayne County. That's a lot of stop and go, a lot of idling and a lot of wear and tear on a normal gas engine. Toro-Flow got us through the job problem-free. That kind of performance affects profits—and we're in the business of making money just like everybody else. Until somebody comes up with something better, we're sticking with Toro-Flow."

#### Can Toro-Flow trim your expense?

Like Hart, many other truckers have found Toro-Flow the answer to their short-mileage problems. It could be the answer to yours. Why not get the full Toro-Flow story. Have your secretary

make an appointment for the GMC Truck man to see you. He can estimate how much you'll save with Toro-Flow. Do it now while it's on your mind.





## A CITY TURNED DOWN FEDERAL DOLLARS

continued from page 39

### Urban renewal program was promoted to public as good business investment

The lure of federal funds was held out in an attractive, 16-page brochure that contrasted snapshots of rickety structures with a pretty picture reproduced from a Ft. Lauderdale postcard. Another dollars-and-cents argument: The project area absorbed 45 per cent of the city's services while contributing only six per cent of the revenue.

Business was urged to lend its support on the ground that the tax base would be expanded without any increase in tax rates. "It's a good business investment," the argument ran. "Over two thirds of the cost will be borne by the federal government." There were claims that the program would trigger a surge of private investment.

There were leaflets, brochures, affidavits, a letter-writing campaign, and endorsements by the mayor, a city commissioner, the chamber of commerce, the municipal planning board, the mayor's advisory committee, an official urban renewal committee and a group of renters living in the project area.

The renters' group sought to blame all opposition on slum landlords and their allies. Television editorialists echoed this line, charging "deception by self-serving interests who, without conscience, want to keep an economy of poverty in housing."

Top city officials plugged the program at every opportunity. "Word of mouth was pursued to its ultimate," notes the Rollins report.

Two daily newspapers backed federal renewal to the hilt. In a typical statement, one urged voters "to bring slum clearance to Orlando and thus create a better, cleaner, healthier city without an increase in taxes."

On Nov. 1, just two days before the referendum, the Orlando *Sentinel* issued a four-page supplement reviewing the arguments and carrying endorsements from nearly 100 Orlando leaders, including George Stuart, head of a large business supply firm and chairman of the community improvement advisory committee.

#### Opponents outnumbered

"Never in Orlando political his-

tory," says the study, "has an issue been more thoroughly debated and, from all external appearances, won such top-level support."

Against this array of strength stood Commissioner John B. Newsom, two other city commissioners and a group consisting mainly of property owners. The Rollins report makes clear that Mr. Newsom was the principal leader.

"The strategy and painstaking detail became the task chiefly of Commissioner Newsom. He became the symbol of the opposition and bore the burden and brunt of the comments of the proponents."

He issued a major statement opposing federal funds for local needs, pointing to problems besetting the federal program elsewhere and condemning a scheme "designed to take one man's home away from him by condemnation, demolish it, then sell the land to a promoter who will make a profit on the deal."

Many of the 118 homeowners in the area to be cleared were elderly and semiretired, would receive little for their condemned homes and would be unable to manage a new mortgage, he pointed out. As for renters, he added that new units to be built would be beyond their means.

Countering predictions of an expanded tax base, Mr. Newsom cited the experience of other cities where land cleared for renewal became rubble-strewn wastelands making no contribution to local revenues. At the same time, he warned that the city's share of the cost would have to come from somewhere—higher taxes, borrowing or curtailment of other services.

He also made these points:

Relocation of slum residents would not decrease their need for other municipal services. "You do not change people simply by moving them into new houses . . . for the educational, economic and social problems of many people run much deeper than that."

"We must encourage and support them in their long-range efforts to overcome these basic difficulties, for they cannot be suddenly solved with wood and steel and stone."

As a positive alternative, he pro-

posed a vigorous program of housing code enforcement to require needed improvements, plus extension of sewers, road-paving and sidewalks in the project area—at the expense of property owners benefiting directly.

The do-it-yourself campaign picked up in midsummer when the property owners' group issued a letter warning that urban renewal takes good as well as run-down properties and that once the first project got started others were bound to follow. Owners were asked to make contributions proportionate to their property holdings.

The same group also launched a clean-up campaign in cooperation with the city.

Commissioner Newsom logged 26 speeches between Aug. 4 and Nov. 2—before groups ranging from a teamster local to the Daughters of the American Revolution.

A committee of Negro citizens, claiming 1,290 members, sponsored a series of local action meetings in which a clergyman, city commissioner, civic worker and a builder or realtor generally took part.

At a legally required public hearing on the project in September, opponents said an estimated 300 Negroes, the largest petitioning group in the city's history, presented a petition signed by more than 1,700 Negro property owners and residents.

Commissioner Newsom led the local action case at the hearing, which ran four hours and produced a 75-page transcript.

#### Clergymen help

To counter the pervasive press campaign for renewal, Mr. Newsom wrote to more than 100 clergymen, asking them to meet with small groups of residents from the threatened area to discuss the "profound human problems that are not being revealed." It was estimated that 520 families would be displaced by the project, including 118 owner-occupants.

Green-and-white bumper stickers reading "Protect your property rights: Vote 'no' on urban renewal" appeared, as did a score card comparing federal renewal with the alternative. It pointed out that both approaches were designed to improve neighborhoods, but the federal program also involves condemnation of private property for sale to private interests, higher taxes and the demolition of good as well as bad structures.

As another blow to renewal forces, a member of the advisory





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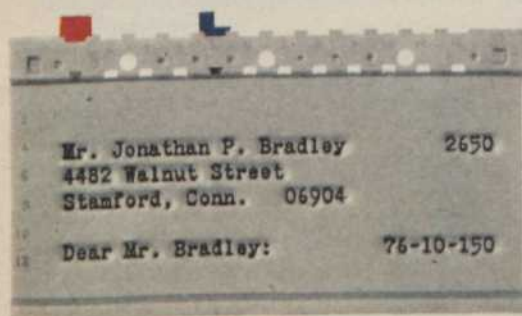
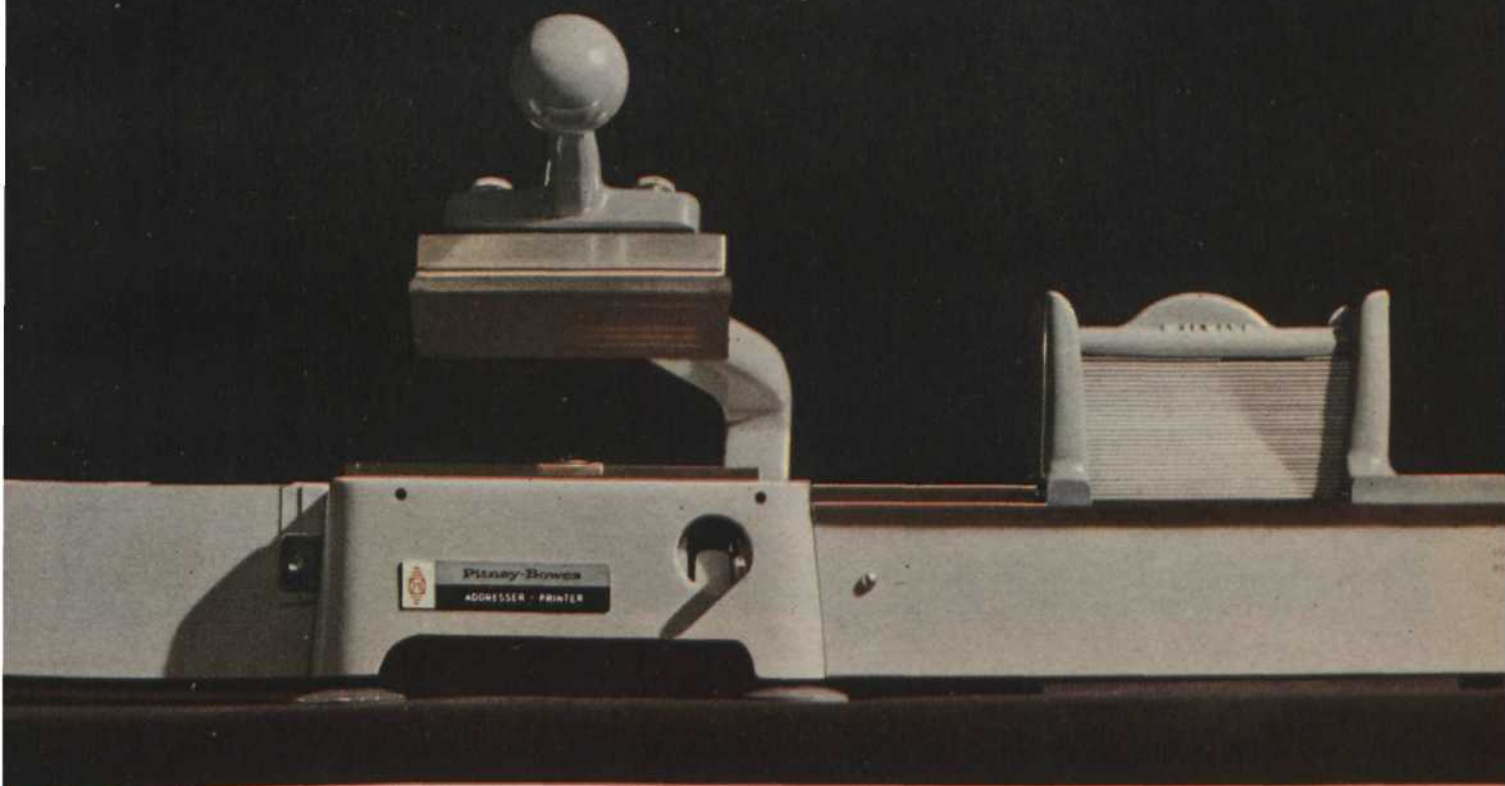
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## FEDERAL DOLLARS

continued

group on community improvement resigned, explaining in a letter to the mayor:

"I was under the impression earlier that perhaps this worthy project might be accomplished by private or local-government means. It seems apparent now, however, that consideration is being given only to the use of federal funds. Apparently, also, the voters will be given no choice in the proposed referendum except to choose between federal urban renewal and no urban renewal. . . .

"Your expressed sentiment that the federal money is there and 'we might as well get our share' can but, I believe, lead us farther and farther down the road to transferring more and more of our responsibilities—and prerogatives—as citizens to Washington."

Reprints of articles criticizing urban renewal were widely circulated along with citations from such books as "The Federal Bulldozer" by Martin Anderson and "The Death and Life of Great American Cities" by Jane Jacobs.

A leader of the property owners fighting the federal program charged deceit in a key pro-renewal document. In a letter to the Orlando *Sentinel* he declared that "the dilapidated structures which were photographed and used in the high-priced propaganda booklet, issued by the urban renewal proponents and paid for with public funds, are nowhere to be found in the proposed urban renewal area."

The county Republican organization joined in the opposition efforts, blasting the program as an unwarranted intrusion into local affairs.

Just before the election, the do-it-yourself group published a tabloid reproducing the signatures of a majority of property owners in the project area, pledging to improve their buildings and formally petitioning the city to undertake sewer and street projects at their own expense.

It also reaffirmed the pledge of city cooperation given by Commissioners Newsom, Doug Barnes and W. M. Sanderlin.

When the votes were counted, urban renewal was defeated by 16,143 to 8,027, carrying only one out of 33 precincts. The city's urban renewal administrator soon was out of a job.

"Confronting the mass media,"

summarizes the Rollins report, "the power structure, the mayor's office and the federal establishment, the opponents won an overwhelming victory for their position at the polls."

### Persuasive issues

The researchers credit effective organization work, timing, simplicity and directness of appeal, and the offering of specific alternatives as the tactics that carried the day. As to the issues:

"In reviewing the documentation, the Center for Practical Politics believes that the voters' decision city-wide was made on these criteria:

1. "The invasion of local government by the federal leviathan.
2. "The fear that the development would involve an increase in local taxation."

Lesser arguments included the equating of urban renewal with socialism, the record of the program

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For results of the first major experiment with socialist government on our continent, turn back to article on page 66.

---

elsewhere, the do-it-yourself alternative, the displacement of Negroes and seizure of private property.

As to the Republican role, the report notes that Senator Goldwater carried the city with 56.1 per cent of the presidential vote. Urban renewal opponents won their campaign by 66.5 per cent.

To refine its findings, the Center for Practical Politics ran a poll four months after the election to determine whether the outcome reflected enduring conviction on the part of the electorate or a fluke, and to determine individual voter motivation.

Researchers first determined that a full 97 per cent of the voters still felt as they had on election day. Then they examined reasons given:

"From this analysis it seems clear that the dominating principles in decision-making were first, concern over federal intervention in local affairs [37.3 per cent]; the second, the very elementary con-

cept that the owner of property bears the responsibility for fixing it up [35.2 per cent]."

The conclusion: "The poll made it clear that Orlando citizens favor renewal. They favor urban renewal as a concept, even though they object to the name. They believe in enforcing codes. They hold landlords responsible for the situation. They want action, but they want it locally."

The Rollins study and NATION'S BUSINESS interviews with Commissioner Newsom and others show that the rehabilitation program was no mere campaign gimmick—as some slum owners thought.

The city established a housing rehabilitation department on Dec. 21. The mayor appointed a 30-member advisory committee, headed by one of the city's strongest advocates of federal renewal, and a board of appeals.

City inspectors immediately began work in the former project area, completing work on 614 separate properties by late March. At one point recently, rehabilitation had been completed on 264 and work was in progress on another 297. Only 35 had been demolished.

"At this point we are moving along with the support of the majority of the landlords and are rehabilitating a lot of this property," said J. M. Croson, president of the First Federal Savings and Loan Association of Orlando.

"I will say without reservation that Mr. Newsom is supporting this program 100 per cent," added Mr. Croson, who was head of the city's urban renewal committee before the election and remains a supporter of the federal program.

His main concern is that some of those displaced by the comparatively small number of demolitions cannot afford to move into better quarters and that rehabilitation brings somewhat higher rent.

Of course, far more would have been displaced had the federal program been approved. And studies in other cities have shown that residents relocated by bulldozers often end up paying higher rent.

Nevertheless, there is building going on in Orlando that is within the means of some residents of the project area. And Mr. Croson speculates that strict rehabilitation of slum properties under code enforcement, by taking the profit out of slum ownership, could make land available at a price low enough to permit private builders to meet low-income housing needs without subsidy.

END



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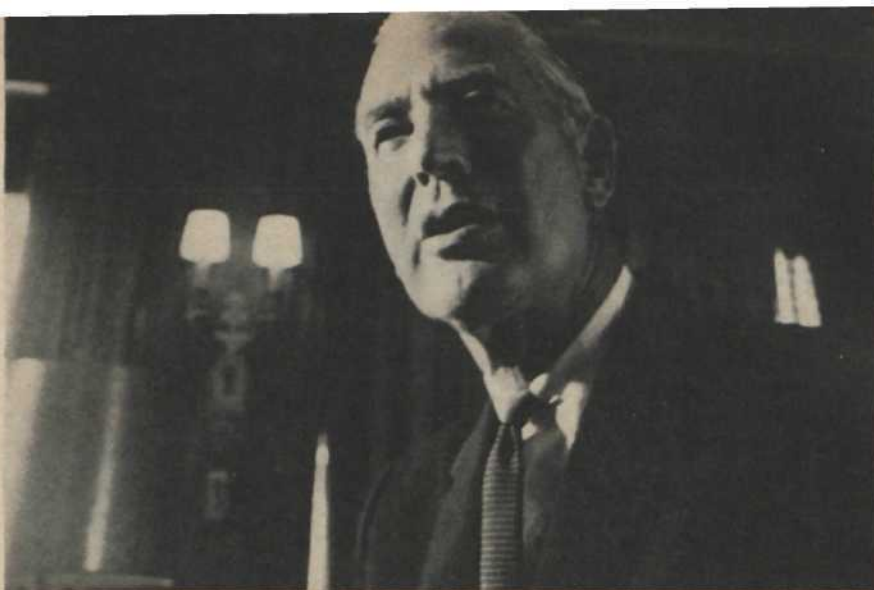
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## LESSONS OF LEADERSHIP

*continued from page 40*

board of directors. This is made up of the president and eight vice presidents who decide things by majority vote. Even the president has only one vote—which he may cast to make or break a tie. The committee really runs the company. You build up a very intimate association with these men. You get to know them very well. You and they get to know who can do the job of running the company.

You see, times have changed. One hundred years ago, when business was small, simple, concerned with simple product lines, one man could know enough to make all the decisions. Most of them were family businesses and the question of succession was solved simply by junior's coming along.

It was that way in the Du Pont Company's early days—E. I., the founder, retired in favor of one of his sons who, in turn, handed over the presidency to a brother.

So, in the old days, you could have enough expertise in one man.

But times have changed. It is simply impossible today for one man to run a major company. The problems of business management have changed. You must rely on other people who are more expert than you. The leader must see that they work together.

So the qualities you want are those of leadership, not of expertise.

**The day of the single strong man is over?**

Whenever you talk with men of the old school, they want to tell you how they bulldozed things through despite opposition: the decisions that

turned out right. They never say anything about those that didn't.

The president of a major company can't act that way nowadays. For me to say arbitrarily, "This is the course to follow" without consultation with others when I was president would have been foolish.

**Is there any formula for spotting these leadership qualities which tag a man as qualified to become president of Du Pont?**

No, I can't give any formula. I've been asked to list the qualities of a good executive, and I just can't. What the questioners want is a list of words such as decisiveness, judgment, ambition. You can set them down, but they don't mean much. A man can be really high in every category you list, but he may not be a good executive. Or he might be low in a number of these items and be a good one. What you have to do is perform a sort of mental integration of everything you know about a person and come up with a good conclusion.

You can do this yourself. Take a half dozen close friends whom you know really well. You could say instantly which are better leaders than others. But now try to write a little brief about why you rank each one where you do. You can't do it very sensibly.

This is something you can't define.

**What you say indicates a sort of mystique about leadership qualities.**

I remember the first time I met General Eisenhower. He came in the room and leadership stuck out all over him. You could tell it in a glance. *There he was.*

**So in associating and working with men—such as you do in the Execu-**

**tive Committee here at Du Pont—you simply get the feeling of who can lead and who can't?**

The key point in making the selection is intimate knowledge of the people from whom you must make the choice. There is usually clear agreement.

For example, when it came to the point of recommending "Mots" Copeland (Lammot du Pont Copeland, Du Pont's current president) to succeed me, everyone said, "Of course."

That's why I think a company takes a grave risk in going outside to select a new leader. That way, you choose from a dossier instead of from intimate knowledge.

When you promote from within, as is the policy of this company, you know the character of the man.

**This brings the counterargument of dangers from inbreeding, doesn't it?**

Certainly. But this intimate knowledge of a person overcomes that argument. We consciously take promising people and move them around the company to see how they do. It is clearly indicated to men who get to top positions, even if they have come up through one line, that they must not get insular. If they get on the executive committee, they have to vote on a wide range of matters. It's made clear they'd better know what they're talking about.

**Do you consider wide experience as a virtue in itself?**

In testing this quality of leadership we've been talking about, wide experience has a greater value than expertise does.

**What is there about business today that puts so much new emphasis on leadership?**

I think it is that business enterprises are now getting big enough for leadership qualities to be necessary.

Business has come of age. The corner grocery storekeeper had to know just how to sell groceries. The manufacturer had to know just one line of goods. Now, so many enterprises are big. Companies such as ours employ close to 100,000 persons.

**How do you answer criticism that family domination of Du Pont can lead to inbreeding?**

That's how it was in the old days—a family company. And the du Pont family has been very prolific.

But, when you look at the record, only a very small percentage of





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## LESSONS OF LEADERSHIP

*continued*

them have reached important positions in the company.

I can assure you of this—there is no nepotism. In fact, young men of the family have complained to me that standards at the company are much higher for them than for others.

**How does the company hold on to good people up and down the line?**

We work at it.

One policy established by E. I. at the very beginning 163 years ago is that you don't treat employees as chattels. You treat them as though this is their enterprise as well as yours. We work very hard at doing that.

We have a plan of bonuses based on company earnings. Executive salaries are relatively low. The people who get bonuses think of themselves as owners, not employees.

I think the dividing point in a man's thinking comes when he gets to a point where at least half his income is coming from bonuses or dividends on stock he has received.

Take a man of 64 who is the head of a department. If he thinks of himself as just an employee, he's interested only in keeping his nose clean so he can retire with distinction the next year. But, I say, when he looks at his accumulated bonus stock and can see that the money he gets when he retires will be greater because of returns from that stock, he will work harder and more efficiently right up to the bitter end.

I'll never forget as long as I live

the day I got my first bonus. It wasn't much, only three or four shares. But it meant I was thought worthy of being part of the business, and that gave me a great thrill.

We've tried to do this all the way along the line. We try to tell people they are valuable. We tell our employees, "We value you, we want you healthy and working." It gives them a sense of participation, loyalty and extra effort.

**This gets back to leadership, doesn't it?**

I remember when Mr. Pierre du Pont or my father-in-law, Mr. Irénée du Pont, and I used to talk. [Both du Ponts formerly headed the company.] We would sit down and talk about the factors that made the Du Pont Company unusual.

One was steady growth. Not many companies have gone forward steadily, you know. Many people think our growth has come only recently. That isn't so. Our assets grew six per cent compounded annually in the first century. This century, the growth has been no more than seven per cent.

We came to the conclusion that growth was due to this quality of leadership that gets more out of people. I've often said I would rather be able to get five per cent more out of a large number of people than to hire one or two geniuses.

**When leading a corporation, how do you get the most out of your associates once you have provided the incentive?**

One thing I have learned is to leave a man alone and let him do his job in his own way.

**This takes considerable self-control on your part, doesn't it?**

Yes. I knew the general managers of our 12 industrial departments and 13 auxiliary departments intimately. Most were as different from me as black and white. And they would do things differently from the way I would do them. It takes self-discipline to let them do it their way. But they would get the job done, and done well.

That's what makes this infallibility thing foolish.

**As a man with many hobbies and diverse, nonbusiness interests, Mr. Greenewalt, you have established yourself as a Number One exponent of individuality for the executive. Is it your stand that a man must be himself on and off the job?**

Yes, but there's a limit. Some-

times you have to do jobs even though you might not like to. Such as making speeches, which I've been pushed into doing. I have always used my hobbies as a change of pace. I could go off for two weeks and photograph hummingbirds and come back refreshed.

**You feel you did a better job as a result?**

Yes. My wife and I have a place in Bermuda. We used it as a rest cure. I decided I couldn't work at being president of the company for 11 months at a time and then take a month off. I'd get irritable and unhappy during those 11 months. So we began taking short trips to Bermuda—three or four times a year. When going there, and when traveling on this hummingbird project, though, I was never away from the office more than two weeks at a time. I couldn't be. When I'd come back from one of these trips, I'd feel better and make decisions more easily.

**Are you normally much of a worrier?**

Not much. You have to take problems as they come. Once you've taken a decision, don't carry it home with you. Some decisions work out O.K., and others don't.

**You are a businessman who was on hand at some pretty historic events—the first controlled atomic reaction underneath the stands at Stagg Field in Chicago in 1942, for example. What went on?**

That whole thing has been exaggerated by stories and movies about it. There wasn't great excitement. The whole thing was relaxed.

About 20 people were there.

I was brought in by Arthur Compton who was head of plutonium research for the Manhattan Project. Du Pont was being considered at the time to run the Hanford, Washington, atomic plant which was then being planned. We later did build and run that plant at the government's request. Several of us were on our way back from a trip to the West Coast. We had concluded on this trip that the plutonium method being worked on by Fermi [Enrico Fermi, the Italian-born atomic physicist] and his group in Chicago was the route that should be pushed for making the fissionable material for an atomic bomb. When we got to Chicago in December, Compton thought we ought to look at what was going on there even though we had already made our decision. He picked me to go there and see it—probably be-

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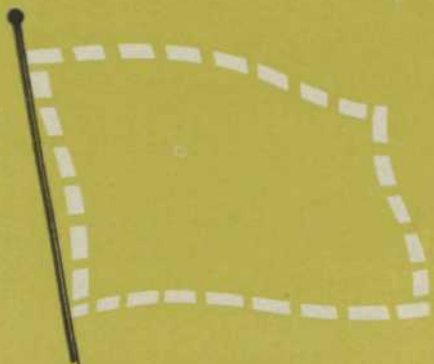
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## LESSONS OF LEADERSHIP

*continued*

cause I was the youngest of our group.

There wasn't great tension.

Fermi was walking around calm as could be. Others were standing around. A pen traced a line showing what was happening in the atomic pile. When the pen took a certain course, it meant the reaction had reached criticality.

I had no feeling of tenseness at all. When it reached criticality, I was delighted because it meant the theories were correct, and because it meant the conclusions of our group were sound. Oh, Wigner, one of the other physicists, pulled out a bottle of Chianti and handed it to Fermi by way of congratulation, but that was all.

**Did you and your colleagues begin thinking far ahead as to new products, processes, and the like?**

No, our interest was to win the war. The physicists to a man thought the Germans were way ahead of us in developing an atomic bomb and they were anxious. They were wrong, as it turned out. But nobody knew it then.

We had the feeling of enormous urgency to do this job to win the war.

There was some thought of future use of atomic energy as a power source. But there were too many other problems to think of immediately. People tend to think that, when the Stagg Field experiment was over, atomic development was assured. That was just the start. Plants had to be built and material produced with methods that hadn't been tried out. There was no chance to build a pilot plant.

**Can you contrast this with the circumstances of the invention of nylon—drawing the first filament from a beaker of gunk?**

Dr. Wallace H. Carothers [top Du Pont scientist in the 1930's] had made a polymer. There was quite a way to go from that to industrial development. It required many more inventions to make it work. The atomic experiment was like nylon in that when it was proved that something was possible, we still had to go ahead and build a plant.

**Was there immediate thought of the commercial consequence of nylon?**

Nylon was always a commercial venture. All we were sure we had



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## LESSONS OF LEADERSHIP

*continued*

was a stocking yarn. But even that was a major development. Fighting between Japan and China had dried up silk supplies, so stockings were a tremendous market.

I don't think that anybody at the time saw where nylon would go—all of its present uses and the development of the large number of synthetic fibers.

We were quite happy with what we saw immediately in front of us.

**Was all this recognized at the top of the company, too?**

The executive committee was beating off our ears in the research department. They were saying, "Do you need money? Get on with it."

It's a common mistake to equate money with development. The truth is that, once you have discovered or invented a product, you have only started. You then have to figure out what to do with it.

One of the strengths of the Du Pont Company is that it has experience and diversity in many different lines. It can recognize the value of a product in a number of different fields. There's an advantage in being highly diversified in the chemical business so that you can make use of your research dollar in many different areas.

**You mean that corporate bigness in itself has something to say for it?**

Yes. I think that, in our field, most of the big developments have been by the big companies.

On second thought, no, not bigness *per se*—but diversity—is the important thing. I wouldn't say our chances of finding something are any better than Union Carbide's or Monsanto's even though we are bigger than they are. They are also highly diversified.

**One of the biggest problems during your years as president was antitrust suits brought against Du Pont by the government—divestiture of your General Motors stock holdings, mainly. How does it feel to have the government breathing down your neck?**

As the law develops, you follow the law. You don't fix prices—at least, not knowingly—because that's against the law. What is baffling is that the government and the courts keep opening up new concepts of the law.

Our company's investment in General Motors stock, for instance,

The government had looked at that a number of times. It was a *fait accompli* for 30 years. Everybody knew we had the stock. We reported General Motors dividends separately from ours. As the Supreme Court finally said, everybody agreed "all concerned in high executive posts in both companies acted honorably and fairly." But then the government all of a sudden in 1949 said all of us were damn conspirators. We were able to convince the judges we weren't, but the Supreme Court made us get rid of the stock.

**Do you act differently, pull your shots, when the government is looking at you?**

Where we know the law, we obey. But you can't know what the boys in the Department of Justice are going to come up with.

I think there is some indication today of a better understanding in the antitrust division.

**Does this mean you also foresee better relations in general between government and business?**

No doubt about it. And it's due largely to President Johnson.

**Why do you say that?**

I think he has the good sense to know that the state of the country is more or less synonymous with the state of the business community.

If Mr. Johnson is going to achieve his Great Society, he has to have money to make it work. He knows this depends upon good business. He has more business experience than any of his immediate predecessors—possibly more than anybody since Hoover. He talks to business, too. You see in the papers almost any week that he has had a number of business people in to see him. I've been there a number of times myself.

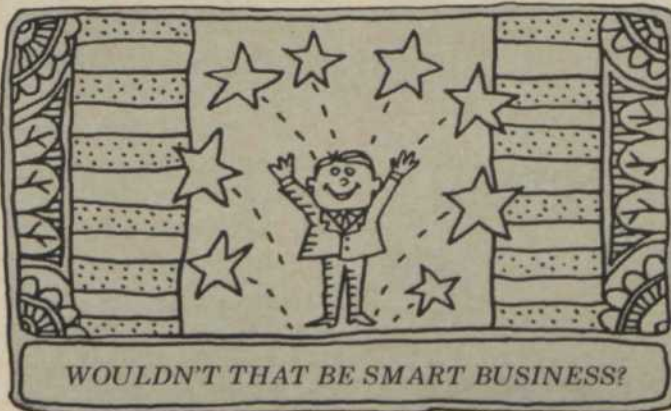
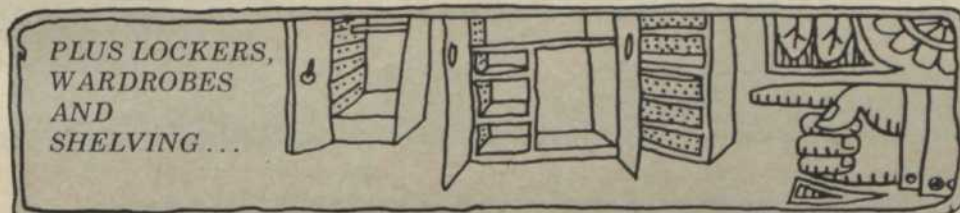
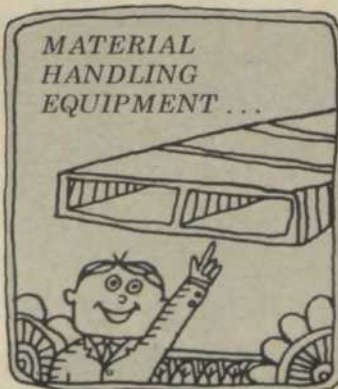
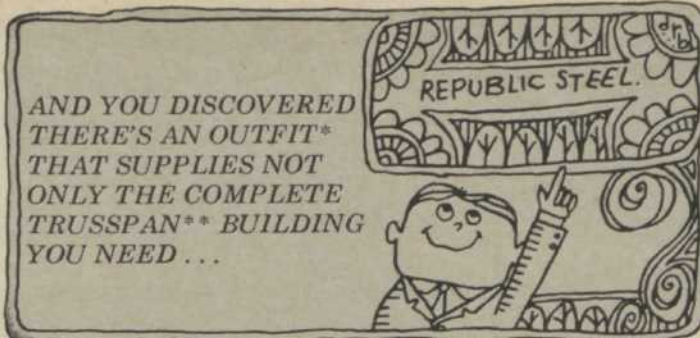
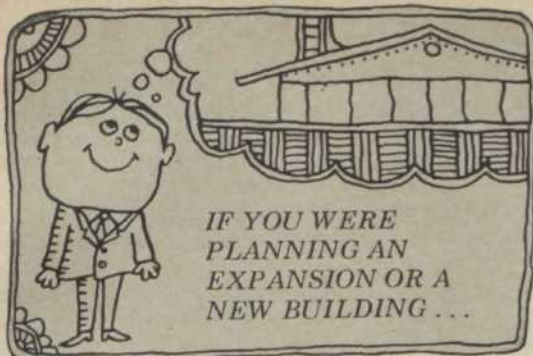
**How does he impress you at these meetings?**

He seems to be genuinely trying to achieve rapport with business. I think he is trying to be a great president, and I say this as a Republican.

He listens to and deals with labor, too, of course. But he doesn't kick the business community out.

Mr. Johnson's appointments bear this out. Jack Connor was a good appointment as Secretary of Commerce. He's the first big businessman to run that department for a long time. I think the appointment





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## LESSONS OF LEADERSHIP

*continued*

of Joe Fowler as Secretary of the Treasury was good, too. And so are a number of the holdovers. When I heard Rusk give a Viet Nam briefing at the White House, he was great; there was no doubt about it.

**Do businessmen know how to deal with the government?**

No, not enough of them do. They have to learn. Business and government have been at loggerheads too many times.

I've told my friends, citing my own experience, you have much greater sympathy for those men in Congress when you go there to their offices and see them laboring on the Hill.

I've never been treated badly, even when I testified before a hostile committee. It's really a question of good manners. You shouldn't act as though you knew everything. Even when you do know more about a subject than they do, you answer as politely as you can. You don't go in there with a chip on your shoulder, even if you know they're out to get you. If your conscience is clear, you've got nothing to worry about.

**Mr. Greenwalt, if you had to live your life in business over again, what—if anything—would you do differently?**

Nothing, probably. I would have been extremely happy to have ended my career as head of the Du Pont research laboratories. At one time, I thought that was where I would end it.

Part of anyone's career is involuntary, of course. Anyone must learn to roll with the punches. Something comes up and you must do it or not. Something that twists directions is going to happen to everyone. If something you have to do is just too distasteful, you say "No." But, if you are going to have a successful career, you have to learn to roll with the punch.

If a guy says, this is all I can do, it signifies to me that he is a very narrow guy. Ability will show itself, whatever the job. **END**

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AMERICAN BUSINESS will spend over \$43 billion this year for social welfare. This spending includes both tax payments and voluntary contributions.

The immense outlay is made up of payroll taxes levied upon business to support social insurance programs of federal, state and local governments, the proportion of general taxes paid by business which is allocated to government welfare programs, employer contributions to private pension, insurance and welfare funds, business expenditures for education activities, and the contributions by business and foundations to education, health and welfare organizations.

Employer payroll taxes for government social insurance-type programs will reach about \$15.2 billion this year, almost three times the \$5.8 billion paid ten years ago.

Old-age, survivors and disability insurance, commonly called social security, now covers over 90 per cent of employed and self-employed persons, and more than 91 per cent of the people now reaching age 65 are eligible for monthly benefits under the program.

Employer taxes to support the state unemployment insurance programs will total about \$4 billion this year, compared with \$1.5 billion a decade ago. Varying from state to state, these programs pay unemployed workers during the first six to 39 weeks of unemployment.

Employer costs under the state workmen's compensation laws are about \$1.8 billion this year. These programs provide income and medical benefits to work-accident victims, or their dependents.

Government-operated retirement, unemployment and sickness compensation programs for the nation's 750,000 railway employees cost employers \$400 million.

That slice of general taxes paid by business which is applied to government welfare programs this year will be about \$9.6 billion, com-

pared with \$4.8 billion in 1955. Such programs include public assistance for the elderly, dependent children, and blind, disabled and indigent persons; health and medical activities; vocational rehabilitation; institutional care; school lunches; pensions and medical services for veterans; public education, public housing.

Education is included among social welfare expenditures because of the increasing concern with school dropouts, the quality of education in slum areas, and the relation of social and economic circumstances to educational achievements.

Total government spending for these welfare activities will be about \$56 billion this year. Business firms pay slightly over 30 per cent of the federal taxes, and almost 10 per cent of the state and local taxes.

American business is spending about \$12.5 billion this year to provide retirement pensions, life insurance, hospitalization insurance and similar benefits for employees.

Some 25 million employees, nearly half, are now covered by private retirement plans. These pension and deferred profit-sharing programs will cost employers about \$7 billion this year. Employee insurance protection costs employers some \$5.5 billion this year.

American business is spending some \$5 billion for employee training and retraining, for operational costs only. This doesn't count costs for equipment and training personnel. Programs range from informal on-the-job training to advanced courses in company and non-company schools complete with dormitories.

Philanthropic support of educational, health, welfare and related institutions by business firms and foundations will total about \$1.3 billion in 1965. Foundation giving is combined with business giving, since most foundations were established with funds accumulated in business operations.



# \$43 BILLION FOR WELFARE

## Business spends more for welfare

(billions of dollars)

Social insurance taxes	1955	1965
Old-age, survivors and disability insurance .....	\$ 3.1	\$ 9.0
State unemployment insurance .....	1.5	4.0
Workmen's compensation .....	0.9	1.8
Railroad retirement, railroad unemployment, etc.....	0.3	0.4
Share of employer taxes applied to welfare programs		
Federal .....	3.1	6.0
State and local .....	1.7	3.6
Private pension, insurance, welfare funds		
Pension fund contributions .....	3.3	7.0
Life insurance, medical, welfare contributions .....	2.2	5.5
Education activities by business .....	3.0	5.0
Philanthropy by business and foundations .....	0.7	1.3
Total business social welfare expenditures .....	19.8	43.6



## MORE BOOM IN '66

*continued from page 33*

outright pessimists, three are manufacturers, one a mining executive, one a banker and one the president of an insurance firm. The gloomiest of these is a steel man who may have had his industry's union contract problems on his mind when he completed the survey questionnaire. He foresees an abrupt decline.

### Impact of Viet Nam war

Increased spending rising out of the war in Viet Nam was frequently cited by business leaders as an important—though not indispensable—stimulus to further growth. Many feel the war will spur sales but push up prices.

Viet Nam's greatest impact, most executives agree, will be felt by industries directly involved in military contracting. A typical assessment is that by J. A. Ryder, chief executive officer of Ryder System, Inc., truck leaser and carrier. He believes that the nation's mounting military commitment in Southeast Asia "will directly affect businesses closest to the war effort, but not business as a whole."

Just how deeply the Viet Nam conflict reaches into some defense-connected industries is illustrated by replies from two men, one the chief economist for an oil company, the other controller of a metal fabricating firm.

Says the economist: "Petroleum demand is expected to increase about 100,000 barrels per day, or one per cent over previous estimates. Therefore, our sales should be higher."

Says the controller: "The Viet Nam mobilization will add 1,000 people to our payroll and increase our sales up to \$30 million more."

Over-all, some 75 per cent of the businessmen participating in the survey see the Viet Nam situation as affecting their own companies only slightly or not at all in terms of impacts on sales, personnel, materials availability and what-not.

Spokesmen for some firms concede they are taking a careful inventory of men subject to draft call-up or military reserve activation; but a majority are of the opinion that the Viet Nam conflict would have to assume much greater proportions before it presented any major corporate problems. New wartime government controls are generally regarded as possible but not probable.

Arjay Miller, president of the Ford Motor Company, does not expect the current mobilization to affect his company's sales, or the availability of materials. But he adds: "We do anticipate that some of our younger employees will be taken into the armed services. There are 400 to 500 Ford salaried employees under 26 in draft categories 1-A and 2-S; most of these are college graduate trainees."

M. J. Warnock, president of the Armstrong Cork Co., comments: "Assuming no change in the intensity of military action, the principal influence (of the Southeast Asian war) will be on wholesale prices already under upward pressure from sharply rising labor costs and a long period of governmental expansionary monetary and fiscal policy."

Donald C. Cook, president of American Electric Power Company, Inc., expects the Viet Nam struggle to result in "increased sales of power" by his company. He also sees it spurring American Electric's construction program. Spokesmen for other companies suggest that some materials—especially metals but even, in one instance, linens—may become more difficult to obtain and delivery dates may lengthen on such items as machine tools.

A number of decision-makers, especially those in the defense industries, regard the military situation as one that will make for a more competitive manpower market over coming months. Several presidents foresee particular difficulty in hiring and holding engineering talent and a few talk of plans for beefing up training programs to offset losses of managers or managerial prospects who may be drawn into military service. Others indicate that their recruitment efforts will be intensified.

Several companies have alerted special executive teams to follow the defense situation and its potential effects on their business.

An overwhelming number of businessmen—79 and 93 per cent, respectively—look for rising sales and new gains or stability in profits per sales dollar between now and mid-'66. Most expect to hire more workers and most foresee continued high levels of capital spending by their companies in the six to 10 months upcoming.

Here are the predictions, by percentages:

Sales expectations:

79% forecast a rise between now and mid-1966.

19% forecast a leveling trend.

2% forecast a sales decline.

Profits per sales dollar:

44% forecast improvement between now and the middle of next year.

49% forecast about the same level of profitability.

7% forecast a decline.

Hiring:

56% expect to add more workers.

39% predict their employment will hold at present levels.

5% foresee a decline in the number of people they employ.

Capital spending (compared with same period of past year):

46% predict they will spend more between now and mid-1966.

43% expect to spend about the same.

11% expect to spend less.

Among those who chose the high line on all of these questions is Floyd D. Hall, president and chief executive officer of Eastern Air Lines, Inc. He observes that "The general trend of airline business in recent years has been toward improvement so long as the basic economy of the country continues to be strong."

R. W. Galvin, board chairman of Motorola, Inc., is bullish on most points, although he is not sure his company's profits will improve markedly. A similar forecast comes from Thompson H. Mitchell, president of RCA Communications, Inc.

In many instances managers place special emphasis on what they consider to be a blend of several ingredients in the upward movement of business.

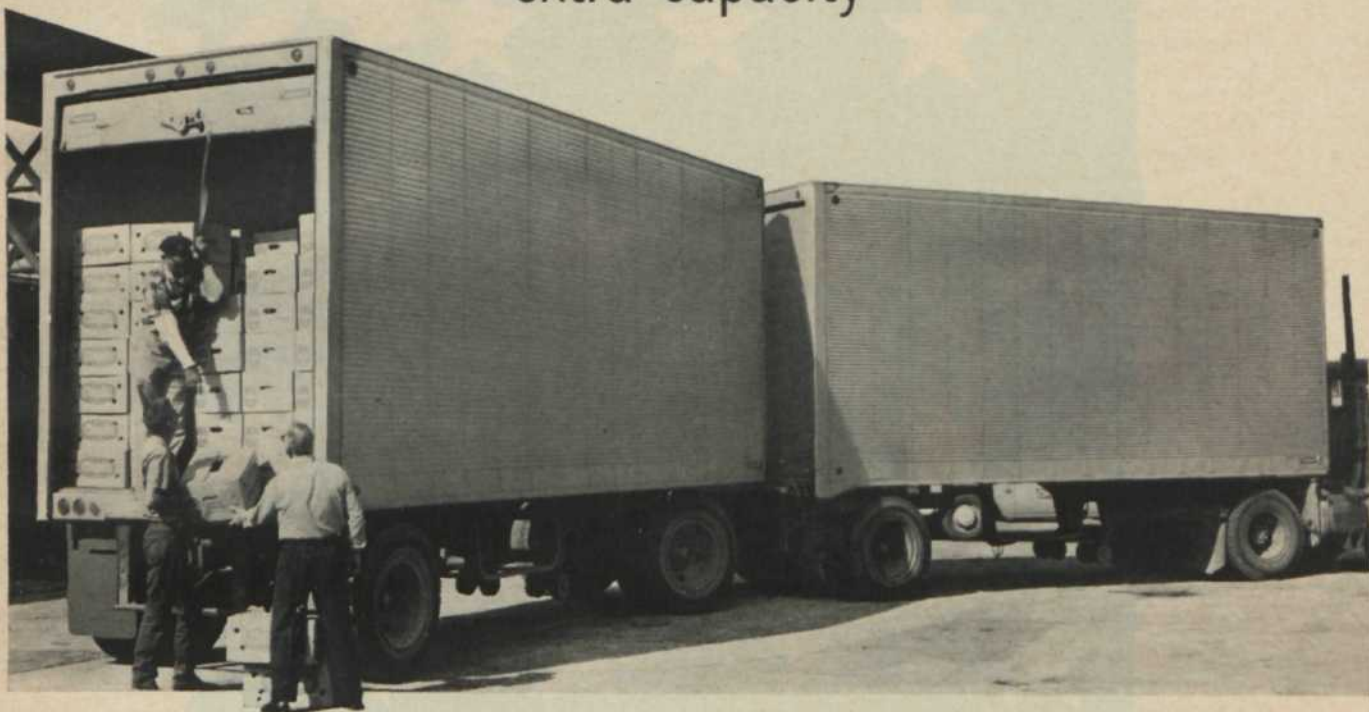
For example, one highly placed official of an international oil company comments, "We anticipate continued economic growth at a somewhat slower rate, with the Gross National Product reaching the \$685 billion range by mid-1966. The major reason, in our opinion, is continued substantial fiscal stimulation, such as the excise tax cuts, increased social security benefits, the military pay raise and, of course, increased military spending reflecting the American commitment in Southeast Asia."

Another businessman, C. B. Hasty, Jr., executive assistant of U. S. Pipe and Foundry Co., says, "Our market research surveys have evaluated the trends as pointing toward improved business—particularly in our industry between now and mid-1966."

W. Arthur Grotz, president of the Western Maryland Railway Co., looks for the economy to level out, but he believes that any



Lightweight  
**FRUEHAUF**  
Doubles  
provide 4600 pounds  
extra capacity



"Our company hauls over three million pounds of bananas a week," says the vice president of one of the nation's most successful cartage companies, "and that's approximately a third of all the bananas that arrive in the ports we serve.

"In this highly competitive field, we've gained extra efficiency with a fleet of lightweight, 24-foot, single-axle Fruehauf Volume ☆ Vans PLUS. Fruehauf built these units on special order for us, reducing their weight without any sacrifice in strength.

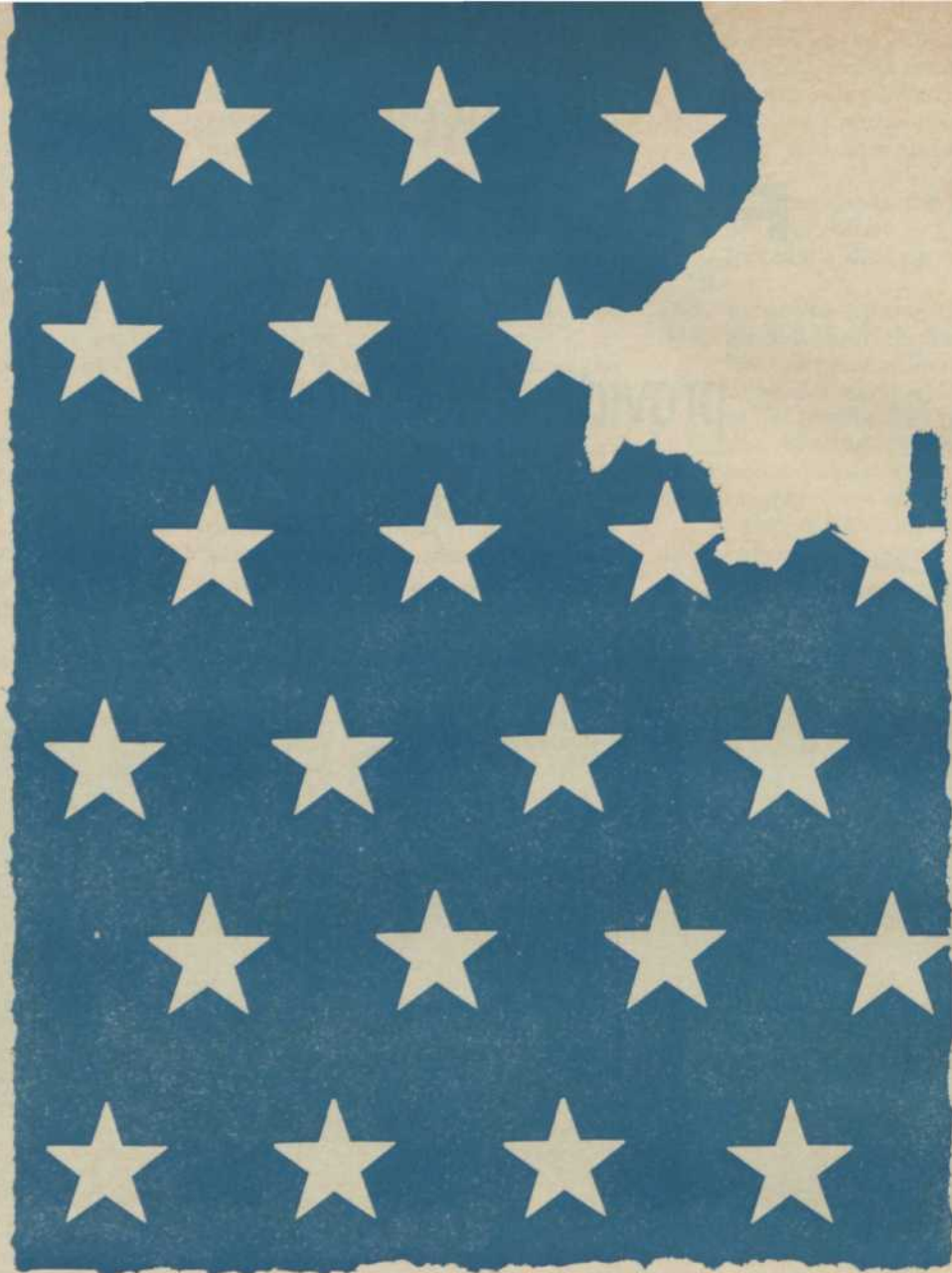
"Operated as doubles, they haul a thousand 40-pound boxes of bananas . . . a total of 23 tons per load. With our previous equipment, only 900 boxes could be carried, so we've boosted our doubles load by an average of 4600 pounds!"

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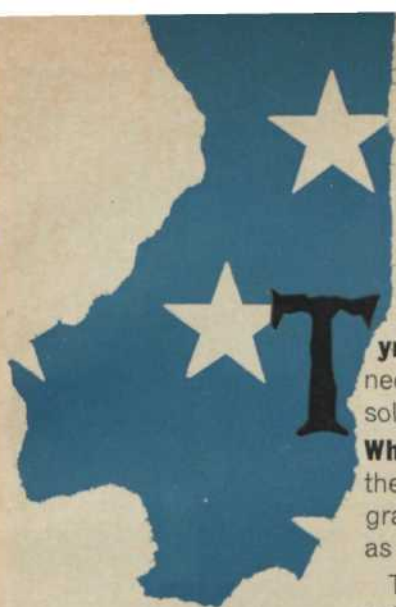




“THE HISTORY OF LIBERTY IS A HISTORY OF LIMITATIONS OF GOVERNMENTAL POWER, NOT THE INCREASE OF IT. WHEN WE RESIST, THEREFORE, THE CONCENTRATION OF POWER, WE ARE RESISTING THE PROCESSES OF DEATH, BECAUSE CONCENTRATION OF POWER IS WHAT ALWAYS PRECEDES THE DESTRUCTION OF HUMAN LIBERTIES.”

WOODROW WILSON





**tyranny is Something to Be Avoided**—America must be alert to the needs of the people. America, as a nation, must face up to, and must solve, its economic and social problems. The only question is: *How?*

**What Not to Do**—The mood of the times seems to be a desire to turn the whole job over to the government—to call on Congress to pass grandiose laws in haste and without debate, and with little or no thought as to ultimate cost or ultimate effect.

This course of action attacks problems all right—and is a factor in vote-getting. But, in the process, it breeds new problems, many of which are worse than the ones you had to begin with. For instance:

You end up with excessive deficits.

You get heavy taxation; there is no escape from this. You get inflation. The American dollar is undermined.

You get centralized economic planning, and no right to make your own important decisions.

People lose their incentive to work, to be creative, to grow, to produce, to save, to invest in new enterprise, to take risks in business, and to keep the economy expanding.

The outcome, sooner or later—as the whole history of human freedom, and the loss of freedom, keeps telling us—is regimentation, controllism, dictatorship—tyranny.

**What to Do**—Tyranny is something to be avoided, and there is a way to do so. This is the way:

Have respect for the government, and for the conscientious men and women who run the government.

Keep the government strong to carry on its normal and proper functions. But do not encourage the government to become ever more dominant and unrestrained, and to attempt to do for the people those things which they can do better for themselves.

Encourage local communities, institutions and individuals to exercise greater social responsibility, and to solve their own problems where they are, and in their own way. It can be done.

Get rid of all pretexts and excuses for unnecessary federal intervention in the personal lives of the people and in the operation of the free-market economy.

**Basic Purpose**—This is the way to avoid the road to tyranny. And this, in a word, is the basic purpose back of the Chamber of Commerce of the United States.

The National Chamber is a national federation of business organizations—local and state chambers of commerce, and trade and professional associations—plus business firms and individuals.

It is the channel through which the business and professional men and women of America work together in partnership for the good of private enterprise and for the long-range good of the country.

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**CHAMBER OF COMMERCE OF THE UNITED STATES / WASHINGTON, D.C. 20006**



## MORE BOOM IN '66

*continued*

adjustment in the business cycle will be offset by "defense needs plus population growth."

Jesse Werner, chairman and president of General Aniline & Film Corp., anticipates continued improvement in business because his review of leading indicators discloses "no reason to believe the present momentum in the economy will not continue for the next year."

Consumer optimism is generally seen as high and likely to remain so.

A less joyous note is sounded by Lloyd S. Glidden, Jr., treasurer of Liberty Mutual Insurance Co. He believes the economy will level off between now and the middle of next year, and comments: "I do not believe that percentage increases can be maintained. Too much depends on confidence being maintained."

### **If worst should happen**

One of the questions in the NATION'S BUSINESS Outlook Survey asked: "If business should turn downward between now and mid-1966, what government action, if any, do you feel would be appropriate? Greater federal spending? Another tax cut for business and consumers? Some other action?"

Among businessmen who answered this question (15 per cent did not), a tax cut was far and away the line of action most preferred. More than 80 per cent made it their choice.

A number commented pointedly—and even acidly—that it would be better, in the event of a downturn, for the government to follow a hands-off policy and let the economic machinery right itself without action from Washington.

"Allow the private economy to work out its own adjustments," suggests M. J. Warnock of Armstrong Cork in a statement typical of this widespread school of thinking.

Some executives contend that the extent of desirable government action would depend entirely on the severity of any recession which might develop. The financial vice president of a large farm and construction equipment manufacturing company offers a representative opinion: "A leveling or downturn could be experienced without detrimental over-all effects and the government should, therefore, do neither of the above unless tax income greatly exceeds the level of expendi-

tures—at which time a tax cut should be considered."

Businessmen who favor tax relief as a desired move note the bolstering effect that tax reductions can have both on public buying patterns and the capital spending plans of private businesses.

It is apparent from the survey comments that many businessmen regard the tax cuts of the recent past as factors which have helped to prolong our present record-breaking expansion.

### **Federal spending under fire**

Businessmen pull no punches in their almost unanimous criticism of what they regard as unnecessary federal spending for a variety of welfare programs. More than 90 per cent of those surveyed argue that such spending should be cut back if outlays for the defense effort continue to rise. Many favor curtailment even if there is no appreciable increase in defense expenditures.

A few executives—including, perhaps surprisingly, the head of an airline—even favor retrenchment in the nation's outlays for space exploration.

But among businessmen who favor reductions in nondefense federal spending, there is little real hope that such reductions can be achieved, particularly in a congressional election year. Alfred C. Fuller, chairman of the Fuller Brush Co., sums up: "It is an academic question."

Leaders in business and industry comment freely that a dangerous inflationary spiral could develop if Washington continues to spend more on welfare programs at the same time that it is asking taxpayers to carry a huge defense budget.

Here—at random—are some comments:

"Every effort should be made to curtail over-all government spending."

"Federal payroll is entirely too big."

"Washington has to learn to live within the budget sometime."

"Deficit spending can lead nowhere except to trouble. If more defense funds are needed, why do we need antipoverty spending?"

"Domestic pork-barrel programs should be discontinued."

"Too many people are looking to the federal government for the solution of all their problems."

"Only the most essential projects should be continued and those should be monitored carefully."

"Government should curtail ex-

pensitures in fields competitive with private business and should reduce unnecessary welfare projects."

"With continued high levels of government expenditures the anticipated business expansion could develop strong inflationary pressures. Trimming nondefense spending would tend to prevent this overheating."

Specific federal activities which drew critical fire include not only the space effort and the war on poverty but also activities of the Area Redevelopment Administration, the medicare program and expenditures for foreign aid. Respondents note that some of these represent program commitments which have already been made and are incapable of being rescinded. One chief executive argues that it is unlikely that President Johnson will drop his Great Society blueprint after his smashing legislative successes with it so far.

The assistant to the president of a large company says his management would favor curtailment of nondefense spending in the event of a marked increase in defense expenditures for two reasons: "To protect the purchasing power of the dollar—because in the U. S. inflation and wartime spending have gone hand in hand, and because increased defense spending means increased involvement by the federal government in our economy partially at the expense of private involvement."

"It is important to protect here at home what we are willing to fight for abroad against the communists—namely, our enlightened capitalistic system."

### **Price outlook**

Forty-six per cent of the businessmen polled report that they do not expect to raise their prices between now and mid-1966.

Another 32 per cent say they must raise some prices but will lower others (in multi-product or multi-service lines); 22 per cent plan to raise their prices and contemplate no reductions.

"We will continue to adjust prices to the extent and in the direction suggested by market forces," one manufacturer points out.

A banker says: "Interest rates will be conditioned by money market forces. Balance of payments and domestic conditions are likely to impart a firm tone to the rate structure."

Some officials—the head of a steel company for one—emphasize that they will raise their prices only if



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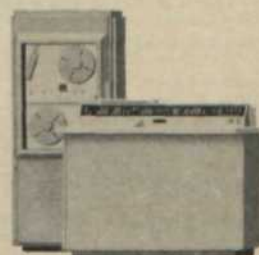


**This unusual writing comes out of an NCR sales register at Joseph Horne Co. By tomorrow morning an NCR computer will have translated this scene into a complete, up-to-the-minute sales picture.**

It starts with optical printing on tapes inside NCR's sales registers at the eight Joseph Horne Co. stores in Pittsburgh. Data is captured at point of sale — for direct entry through the system's optical reader and to the stores' NCR 315 computer. Each morning the system produces merchandise and management reports with

details of the previous day's activities. Updates credit accounts, reorganizes data, helps prepare customer statements. NCR "total systems" lets Horne's operate at peak administrative efficiency while giving their customers peak service. Find out what NCR total systems can do for you. Write NCR, Dayton, Ohio, 45409.

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competitive conditions make this possible.

One industrialist answers the price question this way:

"Yes, we expect to raise prices on any products we have, whenever we get the opportunity, if for no other reason than, starting in 1966, Medicare payments will increase our employee cost \$109 per year per employee, and domestic employees number more than 5,000. Therefore, we have a built-in increase of \$545,000! We expect to get it very simply in such a way that we can still increase our profits after tax next year."

Pricing intentions follow no particular pattern. Example: Officials of some companies are planning price increases while others in the same industry contemplate reductions.

**Outlook for foreign operations**

Of the 250 executives who took part in the latest NATION'S BUSINESS survey, 62 per cent are with companies that have foreign operations.

Asked to assess the prospects for their foreign activities, 47 per cent say they will improve between now and the middle of next year; 45 per cent look for them to score profitability marks about even with the record of recent months, and eight per cent predict a decline in profits from foreign activities.

A number of officials note that economic conditions in many parts of the world are less favorable now than they have been for a number of years. Western Europe and Japan are mentioned as specific areas where softening has occurred.

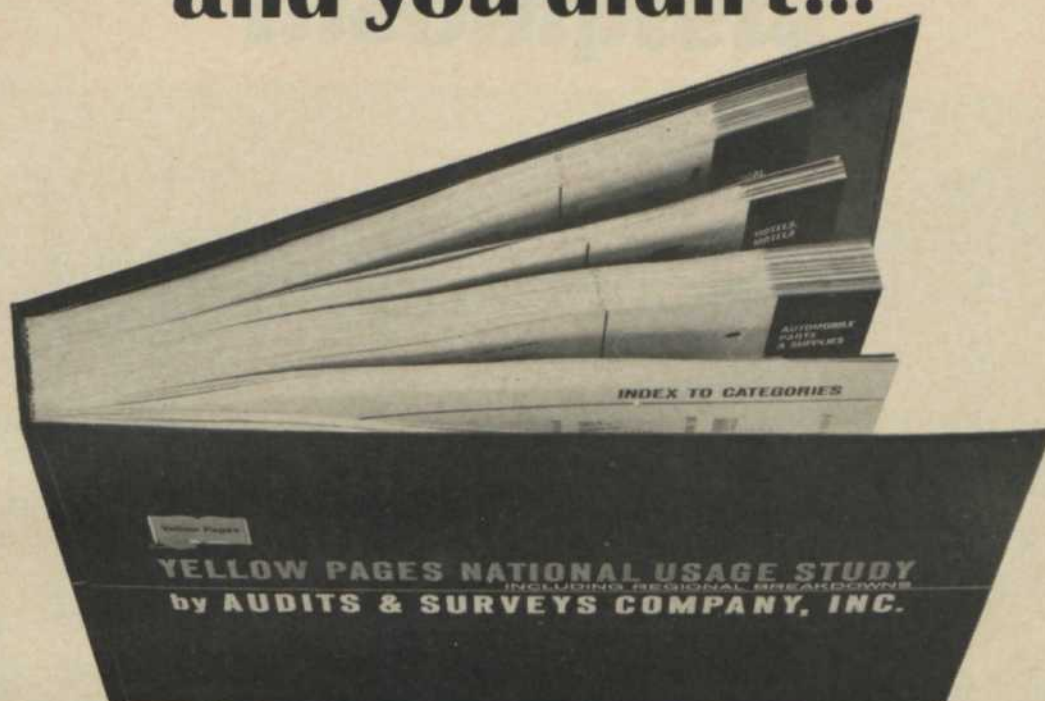
Ford's Arjay Miller, surveying the prospects for his company's foreign sales, indicates there may be some fall-off in Ford profits in Britain "as a result of lower industry car and truck production." However, Mr. Miller expects this decline to be offset by continued growth in other Ford markets overseas.

Many executives point out that their foreign operations are in a "start-up" phase of development and, in some cases, are so new that profit forecasting at this time is an iffy thing to undertake. Some spokesmen for companies with highly dispersed foreign operations explain that generalized predictions are made difficult because conditions vary greatly from country to country.

**END**



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# Handouts unlimited

In the frenzy of legislating to create a "Great Society," Congress has outdone itself.

Examples:

A medicare scheme to pay hospital bills for the elderly no matter how rich they are.

Billions for urban renewal so a city can get handouts for slum clearance even if its own treasury is full to the brim.

A so-called area redevelopment measure to furnish tax money to economically depressed sections all over the country.

And, in a crowning move, the lawmakers gave each state at least one "depressed area," so it can qualify for subsidies no matter how booming its economy.

Even the socialist ideal, "to each according to his need," thus has been exceeded.

It seems we now have a new political philosophy: "To each according to his greed."

---

**Nation's Business • October 1965**

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Take your pick of 2 terrific new engines: 250-hp 'Vigilante' V-8 with all the power you'll ever need—on or off the road; and the new Hi-Torque 6 that really means business when it comes

to hard work. Also available—famous Turbo Hydra-Matic\* automatic transmission (with new dual-range transfer case). Power steering, power brakes, of course. 7- or 8-foot box, flat bed or stake, GVW's to 8600 lbs. You name it.

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